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| 99TH CONGRESS<br>*2d Session* | SENATE | REPORT<br>99-264 |

# FY
# CONCURRENT RESOLUTION ON THE BUDGET
# 1987

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## REPORT

OF THE

## COMMITTEE ON THE BUDGET
## UNITED STATES SENATE

TO ACCOMPANY

**S. Con. Res. 120**

together with

ADDITIONAL AND MINORITY VIEWS

**Establishing the congressional budget for the U.S. Government for the fiscal year 1987 and setting forth the appropriate budgetary levels for the fiscal years 1988 and 1989**

**MARCH 24 (legislative day, MARCH 18), 1986.—Ordered to be printed**

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## COMMITTEE ON THE BUDGET

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99TH CONGRESS
2D SESSION

# S. CON. RES. 120

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# CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for the fiscal years 1987, 1988, and 1989.

*Resolved by the Senate (the House of Representatives concurring),* That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1987 is established and the appropriate budgetary levels for fiscal years 1988 and 1989 are set forth.

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1986, October 1, 1987, and October 1, 1988:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1987: $647,700,000,000.
Fiscal year 1988: $703,900,000,000.
Fiscal year 1989: $754,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1987: $18,700,000,000.
Fiscal year 1988: $26,800,000,000.
Fiscal year 1989: $28,800,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1987: $55,500,000,000.
Fiscal year 1988: $59,800,000,000.
Fiscal year 1989: $63,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1987: $882,900,000,000.
Fiscal year 1988: $927,000,000,000.
Fiscal year 1989: $956,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1987: $809,000,000,000.
Fiscal year 1988: $847,300,000,000.

Fiscal year 1989: $869,200,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1987: $161,300,000,000.

Fiscal year 1988: $143,400,000,000.

Fiscal year 1989: $114,800,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1987: $2,323,100,000,000.

Fiscal year 1988: $2,523,000,000,000.

Fiscal year 1989: $2,697,700,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1987: $216,900,000,000.

Fiscal year 1988: $199,900,000,000.

Fiscal year 1989: $174,700,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1986, October 1, 1987, and October 1, 1988, are as follows:

Fiscal year 1987:

(A) New direct loan obligations, $34,700,000,000.

(B) New primary loan guarantee commitments, $86,400,000,000.

(C) New secondary loan guarantee commitments, $55,200,000,000.

Fiscal year 1988:

(A) New direct loan obligations, $32,300,000,000.

(B) New primary loan guarantee commitments, $88,500,000,000.

(C) New secondary loan guarantee commitments, $55,200,000,000.

Fiscal year 1989:

(A) New direct loan obligations, $30,200,000,000.

(B) New primary loan guarantee commitments, $89,000,000,000.

(C) New secondary loan guarantee commitments, $55,200,000,000.

(b) The following levels and amounts are set forth for purposes of determining, in accordance with the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1987: $862,700,000,000.

Fiscal year 1988: $947,800,000,000.

Fiscal year 1989: $1,020,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1987: $1,097,300,000,000.

Fiscal year 1988: $1,169,500,000,000.

Fiscal year 1989: $1,220,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1987: $1,006,600,000,000.

Fiscal year 1988: $1,055,700,000,000.

Fiscal year 1989: $1,088,700,000,000.

(4) The amounts by which the levels of total budget outlays set forth in paragraph (3) exceed the corresponding levels of Federal revenues set forth in paragraph (1) are as follows:

Fiscal year 1987: $143,900,000,000.

Fiscal year 1988: $107,900,000,000.

Fiscal year 1989: $68,600,000,000.

(c) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1987 through 1989 for each major functional category are:

(1) National Defense (050):

Fiscal year 1987:

(A) New budget authority, $295,100,000,000.

(B) Outlays, $280,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $309,000,000,000.

(B) Outlays, $290,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $323,600,000,000.

(B) Outlays, $303,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1987:

(A) New budget authority, $18,300,000,000.

(B) Outlays, $14,400,000,000.

(C) New direct loan obligations, $7,400,000,000.

(D) New primary loan guarantee commitments, $11,700,000,000.

(E) New secondary loan guarantee commitments, $200,000,000.

Fiscal year 1988:

(A) New budget authority, $18,100,000,000.

(B) Outlays, $14,200,000,000.

(C) New direct loan obligations, $7,500,000,000.

(D) New primary loan guarantee commitments, $11,700,000,000.

(E) New secondary loan guarantee commitments, $200,000,000.

Fiscal year 1989:

(A) New budget authority, $17,300,000,000.

(B) Outlays, $13,600,000,000.

(C) New direct loan obligations, $7,700,000,000.

(D) New primary loan guarantee commitments, $11,700,000,000.

(E) New secondary loan guarantee commitments, $200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1987:

(A) New budget authority, $10,000,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $10,100,000,000.

(B) Outlays, $9,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $10,600,000,000.

(B) Outlays, $10,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1987:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $5,700,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,500,000,000.

(B) Outlays, $4,900,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1987:

(A) New budget authority, $12,500,000,000.

(B) Outlays, $12,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $12,600,000,000.

(B) Outlays, $12,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $12,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1987:

(A) New budget authority, $23,800,000,000.

(B) Outlays, $23,500,000,000.

(C) New direct loan obligations, $14,300,000,000.

(D) New primary loan guarantee commitments, $8,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $26,100,000,000.

(B) Outlays, $24,900,000,000.

(C) New direct loan obligations, $12,100,000,000.

(D) New primary loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $25,300,000,000.

(B) Outlays, $21,600,000,000.

(C) New direct loan obligations, $11,300,000,000.

(D) New primary loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1987:

(A) New budget authority, $10,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $4,500,000,000.

(D) New primary loan guarantee commitments, $39,400,000,000.

(E) New secondary loan guarantee commitments, $55,000,000,000.

Fiscal year 1988:

(A) New budget authority, $10,500,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $4,300,000,000.

(D) New primary loan guarantee commitments, $40,000,000,000.

(E) New secondary loan guarantee commitments, $55,000,000,000.

Fiscal year 1989:

(A) New budget authority, $7,500,000,000.

(B) Outlays, $1,400,000,000.

(C) New direct loan obligations, $4,500,000,000.

(D) New primary loan guarantee commitments, $39,500,000,000.

(E) New secondary loan guarantee commitments, $55,000,000,000.

(8) Transportation (400):

Fiscal year 1987:

(A) New budget authority, $26,800,000,000.

(B) Outlays, $27,800,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $26,500,000,000.

(B) Outlays, $26,700,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $26,600,000,000.

(B) Outlays, $26,800,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1987:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $7,200,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1987:

(A) New budget authority, $30,800,000,000.

(B) Outlays, $30,200,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $10,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $30,300,000,000.

(B) Outlays, $30,500,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $10,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,200,000,000.

(B) Outlays, $30,200,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $11,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1987:

(A) New budget authority, $37,900,000,000.

(B) Outlays, $37,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $40,000,000,000.

(B) Outlays, $40,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $42,000,000,000.

(B) Outlays, $41,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1987:

(A) New budget authority, $82,900,000,000.

(B) Outlays, $72,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $90,900,000,000.

(B) Outlays, $80,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $100,800,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1987:

(A) New budget authority, $160,900,000,000.

(B) Outlays, $121,500,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $169,200,000,000.

(B) Outlays, $128,200,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $173,200,000,000.

(B) Outlays, $133,100,000,000.

(C) New direct loan obligations, $700,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1987:

(A) New budget authority, $5,500,000,000.

(B) Outlays, $5,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1987:

(A) New budget authority, $27,300,000,000.

(B) Outlays, $26,600,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $16,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $27,500,000,000.

(B) Outlays, $27,100,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $16,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $27,600,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $17,600,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1987:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1987:

(A) New budget authority, $5,700,000,000.

(B) Outlays, $5,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,200,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1987:

(A) New budget authority, $2,000,000,000.

(B) Outlays, $2,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $2,000,000,000.

(B) Outlays, $2,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $2,100,000,000.

(B) Outlays, $2,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1987:

(A) New budget authority, $149,300,000,000.

(B) Outlays, $149,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $158,100,000,000.

(B) Outlays, $158,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $158,500,000,000.

(B) Outlays, $158,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1987:

(A) New budget authority, $1,900,000,000.

(B) Outlays, $1,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,000,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1987:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, −$40,500,000,000.

(B) Outlays, −$40,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$40,000,000,000.

(B) Outlays, −$40,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 15, 1986, the committees named in subsections (b) through (y) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $135,000,000 in budget authority and $135,000,000 in outlays in fiscal year 1987, $291,000,000 in budget authority and $291,000,000 in outlays in fiscal year 1988, and $350,000,000 in budget authority and $350,000,000 in outlays in fiscal year 1989.

(c) The Senate Committee on Armed Services shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $16,000,000 in budget authority and $16,000,000 in outlays in fiscal year 1987, $1,696,000,000 in budget authority and $1,652,000,000 in outlays in fiscal year 1988, and $123,000,000 in budget authority and $123,000,000 in outlays in fiscal year 1989.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $852,000,000 in budget authority and $740,000,000 in outlays in fiscal year 1987, $826,000,000 in budget authority and $1,177,000,000 in outlays in fiscal year 1988, and $765,000,000 in budget authority and $617,000,000 in outlays in fiscal year 1989.

(e) The Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $58,000,000 in budget authority and $63,000,000 in outlays in fiscal year 1987, $68,000,000 in budget authority and $71,000,000 in outlays in fiscal year 1988, and $68,000,000 in budget authority and $69,000,000 in outlays in fiscal year 1989.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $943,000,000 in contributions, $424,000,000 in budget authority and $424,000,000 in outlays in fiscal year 1987, $858,000,000 in contributions, $65,000,000 in budget authority and $86,000,000 in outlays in fiscal year 1988, and $664,000,000 in contributions, $80,000,000 in budget authority and $116,000,000 in outlays in fiscal year 1989.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $2,611,000,000 in budget authority and $81,000,000 in outlays in fiscal year 1987, $3,077,000,000 in budget authority and $862,000,000 in outlays in fiscal year 1988, and $3,562,000,000 in budget authority and $1,242,000,000 in outlays in fiscal year 1989.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the

Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $7,041,000,000 in outlays in fiscal year 1987, $0 in budget authority and $10,248,000,000 in outlays in fiscal year 1988, and $0 in budget authority and $12,393,000,000 in outlays in fiscal year 1989.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $19,300,000,000 in fiscal year 1987; $27,600,000,000 in fiscal year 1988; and $29,800,000,000 in fiscal year 1989.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $2,603,000,000 in outlays in fiscal year 1987, $0 in budget authority and $3,771,000,000 in outlays in fiscal year 1988, and $0 in budget authority and $4,375,000,000 in outlays in fiscal year 1989.

(j)(1) The Senate Committee on Labor and Human Resources shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $230,000,000, in budget authority and $205,000,000 in outlays in fiscal year 1987, $480,000,000, in budget authority and $457,000,000 in outlays in fiscal year 1988, and $612,000,000, in budget authority and $611,000,000 in outlays in fiscal year 1989.

(2) The Senate Committee on Labor and Human Resources shall report changes in the laws within its jurisdiction which provide spending authority as defined in section 3(10) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce direct loan obligations by $41,000,000 in fiscal year 1987, $60,000,000 in fiscal year 1988, and $139,000,000 in fiscal year 1989, and sufficient to reduce primary loan guarantee commitments by

$235,000,000 in fiscal year 1987, $15,000,000 in fiscal year 1988, and $0 in fiscal year 1989.

(k)(1) The Senate Committee on Small Business shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $735,000,000 in budget authority and $848,000,000 in outlays in fiscal year 1987, $1,066,000,000 in budget authority and $1,131,000,000 in outlays in fiscal year 1988, and $1,328,000,000 in budget authority and $1,474,000,000 in outlays in fiscal year 1989.

(2) The Senate Committee on Small Business shall report changes in the laws within its jurisdiction which provide credit authority as defined in section 3(10) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce direct loan obligations by $1,005,000,000 in fiscal year 1987, $1,491,000,000 in fiscal year 1988, and $1,555,000,000 in fiscal year 1989.

(l) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $356,000,000 in budget authority and $356,000,000 in outlays in fiscal year 1987, $473,000,000 in budget authority and $473,000,000 in outlays in fiscal year 1988, and $512,000,000 in budget authority and $512,000,000 in outlays in fiscal year 1989.

### HOUSE COMMITTEES

(m) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $135,000,000 in budget authority and $135,000,000 in outlays in fiscal year 1987, $291,000,000 in budget authority and $291,000,000 in outlays in fiscal year 1988, and $350,000,000 in budget authority and $350,000,000 in outlays in fiscal year 1989.

(n) The House Committee on Armed Services shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $16,000,000, in budget authority and $16,000,000 in outlays in fiscal year 1987, $1,696,000,000 in budget authority and $1,652,000,000 in outlays in fiscal year 1988, and $123,000,000 in budget authority and $123,000,000 in outlays in fiscal year 1989.

(o) The House Committee on Banking, Finance and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $852,000,000 in budget authority and $740,000,000 in outlays in fiscal year 1987, $826,000,000 in budget authority and $1,177,000,000 in outlays in fiscal year 1988, and $765,000,000 in budget authority and $617,000,000 in outlays in fiscal year 1989.

(p)(1) The House Committee on Education and Labor shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $230,000,000 in budget authority and $205,000,000 in outlays in fiscal year 1987, $480,000,000 in budget authority and $457,000,000 in outlays in fiscal year 1988, and $612,000,000 in budget authority and $611,000,000 in outlays in fiscal year 1989.

(2) The House Committee on Education and Labor shall report changes in laws within its jurisdiction which provide credit authority as defined in section 3(10) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce direct loan obligations by $41,000,000 in fiscal year 1987, $60,000,000 in fiscal year 1988, and $139,000,000 in fiscal year 1989, and sufficient to reduce primary loan guarantee commitments by $235,000,000 in fiscal year 1987, $15,000,000 in fiscal year 1988, and $0 in fiscal year 1989.

(q) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $943,000,000 in contributions, $139,000,000 in budget authority and $2,781,000,000 in outlays in fiscal year 1987, $858,000,000 in contributions, $155,000,000 in budget authority and $4,888,000,000 in outlays in fiscal year 1988, and $664,000,000 in contributions, $160,000,000 in budget authority and $7,128,000,000 in outlays in fiscal year 1989.

(r) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $3,654,000,000 in outlays in fiscal year 1987, $0 in budget authority and $4,572,000,000 in outlays in fiscal year

1988, and $0 in budget authority and $4,667,000,000 in outlays in fiscal year 1989.

(s) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $424,000,000 in budget authority and $424,000,000 in outlays in fiscal year 1987, $65,000,000 in budget authority and $65,000,000 in outlays in fiscal year 1988, and $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1989.

(t) The House Committee on Merchant Marine and Fisheries shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $5,000,000 in outlays in fiscal year 1987, $0 in budget authority and $3,000,000 in outlays in fiscal year 1988, and $0 in budget authority and $1,000,000 in outlays in fiscal year 1989.

(u) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $2,321,000,000 in outlays in fiscal year 1987, $0 in budget authority and $3,766,000,000 in outlays in fiscal year 1988, and $0 in budget authority and $4,275,000,000 in outlays in fiscal year 1989.

(v) The House Committee on Public Works and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $2,538,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1987, $2,998,000,000 in budget authority and $783,000,000 in outlays in fiscal year 1988, and $3,479,000,000 in budget authority and $1,159,000,000 in outlays in fiscal year 1989.

(w)(1) The House Committee on Small Business shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $735,000,000 in budget authority and $848,000,000 in outlays in fiscal year 1987, $1,066,000,000 in budget authority and $1,131,000,000 in outlays in fiscal year 1988, and $1,328,000,000 in budget authority and $1,474,000,000 in outlays in fiscal year 1989.

(2) The House Committee on Small Business shall report changes in laws within its jurisdiction which provide credit authority as defined in section 3(10) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce direct loan obligations by $1,005,000,000 in

fiscal year 1987, $1,491,000,000 in fiscal year 1988, and $1,555,000,000 in fiscal year 1989.

(x) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $356,000,000 in budget authority and $356,000,000 in outlays in fiscal year 1987, $473,000,000 in budget authority and $473,000,000 in outlays in fiscal year 1988, and $512,000,000 in budget authority and $512,000,000 in outlays in fiscal year 1989.

(y)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $3,409,000,000 in outlays in fiscal year 1987, $0 in budget authority and $5,019,000,000 in outlays in fiscal year 1988, and $0 in budget authority and $6,644,000,000 in outlays in fiscal year 1989.

(2) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $19,300,000 in fiscal year 1987, $27,600,000 in fiscal year 1988, and $29,800,000 in fiscal year 1989.

### GENERAL REVENUE SHARING

SEC. 3. Upon the enactment of legislation authorizing up to $1,800,000,000 for the purpose of funding an extension for General Revenue Sharing in fiscal year 1987, and upon the enactment of legislation increasing revenues in an amount equal to the amount authorized and in addition to amounts of increased revenues required to be reported pursuant to section 2 of this concurrent resolution, the authorized amount of budget authority and outlays shall be allocated to the Senate Committees on Appropriations and Finance, as appropriate, and that same amount will be added to the total amounts of budget authority and outlays provided for in this concurrent resolution.

**Calendar No. 576**

99TH CONGRESS
*2d Session*

SENATE

REPORT
99-264

# CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1987

MARCH 24 (legislative day, MARCH 18), 1986.—Ordered to be printed

Mr. DOMENICI, from the Committee on the Budget, submitted the following

# REPORT

together with

## ADDITIONAL AND MINORITY VIEWS

[To accompany S. Con. Res. 120]

The Committee on the Budget submits the following report, accompanying the Concurrent Resolution on the Budget establishing the Congressional Budget for the United States Government for the fiscal year 1987, and setting forth the appropriate budgetary levels for the fiscal years 1988 and 1989, pursuant to the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) as amended by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

# Chapter I. INTRODUCTION

The Senate Budget Committee, by a bi-partisan vote, recommends a Concurrent Budget Resolution for FY 1987 that would significantly reduce projected Federal deficits, allow increases in spending for national defense, and protect important domestic programs from undue cuts. The recommendations of the Committee comply fully in fiscal years 1987–89 with the mandates of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), known as the Gramm-Rudman-Hollings bill. The Committee's deliberations came in the face of an impending deadlock within the Congress on fiscal policy and the specter that the draconian and mechanistic actions of automatic spending cuts ("sequestering") could occur later this year if the Committee failed to discharge its responsibilities.

The Balanced Budget Act requires that the Congress take action to reduce the projected FY 1987 deficit to $144 billion, down from the estimated FY 1986 budget deficit of $209 billion. If Congress fails to take sufficient deficit-reduction actions, then a sequester occurs. Such a sequester would cut $39 billion in outlays from the Congressional Budget Office's (CBO) FY 1987 baseline for spending. CBO estimates that such a sequester would require cuts of at least $49 billion in budget authority from the President's budget for national defense and $25 billion in budget authority from non-defense programs. These cuts would spare no activity of government, except those programs specifically exempted by the law. Critical programs, such as national defense, law enforcement, health care, education, and many emergency activities, would be cut as would less important programs.

For example, a national defense sequester of the magnitude forecast by CBO would compel the discharge of hundreds of thousands of active duty personnel. Crucial on-going defense research and procurement activities would be devastated. Readiness for combat would be significantly eroded. In the non-defense areas, a Gramm-Rudman-Hollings sequester would cut deeply into on-going law enforcement and anti-drug activities. It would cripple health and education programs. Avoiding the mindless cuts of a sequester action was a key factor in shaping the nature of the Committee's recommendations in the Concurrent Budget Resolution for FY 1987.

The Committee formally voted on whether to endorse a budget equal to the line-by-line cuts of a sequester action for FY 1987 and unanimously rejected such a budget. In addition, the Committee rejected the Administration's budget recommendations for FY 1987; those recommendations included a $33 billion increase for national defense and a $28 billion decrease in nondefense programs, coupled with $6 billion in new taxes. The Committee, in rejecting the President's budget proposal, noted that the CBO pricing of the Administration budget revealed that it fell short of reaching the Gramm-Rudman-Hollings deficit target of $144 billion in FY 1987 by more than $16 billion. The Committee endorsed a budget proposed by Senators Domenici and Chiles. That budget recognized the realities of the present fiscal situation and the limited options presented to prudent policymakers.

The current Federal budget encompasses just a few major elements: national defense, social security, interest on the public debt, other entitlements, and a category called non-defense, discretionary spending. Defense spending is 27 percent of all Federal outlays. Social Security comprises 20 percent, net interest on the debt 14 percent, other entitlements 26 percent, and non-defense, discretionary spending 18 percent.[1] The bulk of cuts in federal spending in recent years have come from the non-defense, discretionary area, despite the small percentage of the Federal budget it comprises. In addition, under terms of the Gramm-Rudman-Hollings law, many items, like social security, interest payments and other entitlements and discretionary low-income programs, are exempted from cuts. Thus, serious budget policymakers have few realistic options available as they attempt to devise a budget that meets the deficit targets now in law and avoid sequestration.

Therefore, in order to protect the national defense and key domestic programs, the Committee recommends a higher level of taxes than the $21.6 billion recommended for fiscal years 1987–89 by the President. The Committee recommends approximately $74 billion in new revenues during fiscal years 1987–89. These revenues allow the Committee's recommended budget to provide for a small increase in national defense spending, and increases for vital domestic programs, yet still reach the target of a $144 billion deficit in FY 1987. The Committee assumes that revenue increases can come from such measures as improved compliance of existing tax laws, tax amnesty, excise taxes, closing of tax loopholes, and a slowing of the growth in tax expenditures, and other efforts. The Committee specifically rejected any increase in individual income tax rates.

The Committee recommends a budget for FY 1987 totaling $1,006.6 billion in spending and $862.7 billion in revenues, with a resulting deficit of $143.9 billion. The FY 1987 deficit would be reduced by $65 billion from the current fiscal year's level of $208.9 billion. The deficit would continue on a downward path under the Committee's recommendations reaching $68.6 billion by FY 1989.

The Committee recommends a level of funding for national defense that is 2.9 percent greater than the funding provided in FY 1986. For FY 1987, the Committee recommends $295.1 billion in budget authority for defense, growing to $323.6 billion by FY 1989.

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[1] These percentages total 105 percent, because "Offsetting Receipts," a category that includes receipts to the government from a variety of sources, totals 5 percent of the budget.

Outlays for defense programs would grow from $270 billion in FY 1986 to $280 billion in FY 1987, increasing to $303 billion in FY 1989.

The Committee's defense spending assumptions reflect a commitment to our national security needs, while continuing to recognize the need for overall spending restraint to meet mandated deficit targets. Compared to the CBO baseline spending assumptions for defense, the Committee's recommendations would result in $4.0 billion outlay savings in FY 1986, and $17.8 billion outlay savings over the 3-year period FY 1987–89. Resources provided the Department of Defense under the Committee's recommendation would be sufficient to complete ongoing programs in a logical and efficient manner, while continuing to improve our military capability at a somewhat slower pace from the previous 5 years.

Reductions in non-defense spending are also included in the Committee's recommendations. For FY 1987, the Committee budget proposes to reduce non-defense spending by over $14.5 billion, primarily through the imposition of a freeze in FY 1987 and through various reforms and reductions in a number of programs.

Increased spending for various high priority programs are also included in the Committee's budget. Some of these increases were also requested by the President. They include such necessary governmental activities as foreign embassy security, space shuttle, national science activities, Superfund, farm credit initiatives, airline safety, infant mortality initiatives, drug and law enforcement, Internal Revenue Service, and certain key educational programs. In addition to these high priority programs, the Committee's budget rejects reductions in many programs for the elderly and low-income persons. Overall, the Committee's net reductions in non-defense spending total $14.5 billion in FY 1987 and $62.3 billion over the next 3 years.

The Budget we recommend is fair and it is real. No smoke-and-mirrors estimates, no heroic economic assumptions were used to avoid hard choices. We have rejected cuts in either domestic or military programs which are so drastic and divisive that they are unlikely to be enacted into law. The policies we recommend are tough, but they can be achieved if Congress exerts the political will to fulfill the promise of a balanced budget it made last year.

The Committee recognizes that other options for deficit reduction may exist. No member proposed a budget to the Committee that reached the deficit targets required by law solely by spending cuts. The Committee has responded to the mandates of the law, the requirements of national security, and the dictates of a humane society by raising relatively small amounts of new revenues. It welcomes a full debate on any alternatives that meet that same goal without the use of revenue increases.

The following tables provide detail on the budget resolution for FY 1987 as reported by the Senate Budget Committee. Table 1 provides a functional summary of the resolution. Table 2 shows the components of the Committee's deficit reduction recommendations, and table 3 shows how the Committee's deficit reduction recommendations compare to the maximum deficit amounts required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177).

### Table 1

### FIRST BUDGET RESOLUTION FOR FY 1987 AS REPORTED BY THE SENATE BUDGET COMMITTEE

[In billions of dollars]

| Function | | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|
| 050: National Defense | BA | 286.8 | 295.1 | 309.0 | 323.6 |
| | O | 269.5 | 280.0 | 290.5 | 303.0 |
| 150: International Affairs | BA | 18.9 | 18.3 | 18.1 | 17.3 |
| | O | 17.1 | 14.4 | 14.2 | 13.6 |
| 250: General Science, Space, and Technology | BA | 8.8 | 10.0 | 10.1 | 10.6 |
| | O | 8.9 | 9.6 | 9.9 | 10.1 |
| 270: Energy | BA | −1.1 | 4.9 | 5.7 | 5.5 |
| | O | 4.2 | 5.0 | 5.4 | 4.9 |
| 300: Natural Resources and Environment | BA | 12.6 | 12.5 | 12.6 | 12.4 |
| | O | 12.8 | 12.6 | 12.6 | 12.7 |
| 350: Agriculture | BA | 31.6 | 23.8 | 26.1 | 25.3 |
| | O | 30.8 | 23.5 | 24.9 | 21.6 |
| 370: Commerce and Housing Credit | BA | 9.8 | 10.0 | 10.5 | 7.5 |
| | O | 4.0 | 4.3 | 6.3 | 1.4 |
| 400: Transportation | BA | 28.2 | 26.8 | 26.5 | 26.6 |
| | O | 27.5 | 27.8 | 26.7 | 26.8 |
| 450: Community and Regional Development | BA | 7.0 | 6.9 | 7.2 | 7.1 |
| | O | 7.9 | 7.2 | 7.0 | 6.8 |
| 500: Education, Training, Employment, and Social Services | BA | 30.1 | 30.8 | 30.3 | 30.2 |
| | O | 30.6 | 30.2 | 30.5 | 30.2 |
| 550: Health | BA | 36.4 | 37.9 | 40.0 | 42.0 |
| | O | 35.6 | 37.9 | 40.1 | 41.9 |
| 570: Medicare | BA | 86.3 | 82.9 | 90.9 | 100.8 |
| | O | 67.9 | 72.8 | 80.5 | 88.8 |
| 600: Income Security | BA | 155.7 | 160.9 | 169.2 | 173.2 |
| | O | 118.3 | 121.5 | 128.2 | 133.1 |
| 650: Social Security | BA | 199.5 | 228.3 | 260.2 | 286.0 |
| | O | 199.6 | 211.5 | 226.1 | 241.5 |

## Table 1—Continued

[In billions of dollars]

| Function | | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|
| (On-Budget) | BA | 4.8 | 5.5 | 6.1 | 6.9 |
| | O | 8.1 | 5.5 | 6.1 | 6.9 |
| 700: Veterans Benefits and Services | BA | 27.3 | 27.2 | 27.5 | 27.6 |
| | O | 26.6 | 26.6 | 27.1 | 27.3 |
| 750: Administration of Justice | BA | 6.8 | 7.0 | 7.1 | 7.0 |
| | O | 6.8 | 7.0 | 7.1 | 7.1 |
| 800: General Government | BA | 6.3 | 5.7 | 6.1 | 6.2 |
| | O | 6.3 | 5.6 | 6.1 | 6.2 |
| 850: General Purpose Fiscal Assistance | BA | 5.5 | 2.0 | 2.0 | 2.1 |
| | O | 5.9 | 2.8 | 2.0 | 2.1 |
| 900: Net interest | BA | 137.7 | 144.7 | 151.7 | 149.3 |
| | O | 137.7 | 144.7 | 151.7 | 149.3 |
| (On-Budget) | BA | 141.9 | 149.3 | 158.1 | 158.5 |
| | O | 141.9 | 149.3 | 158.1 | 158.5 |
| 920: Allowances | BA | .............. | 1.9 | 4.4 | 6.0 |
| | O | .............. | 1.9 | 4.5 | 6.2 |
| 950: Undistributed Offsetting Receipts | BA | −36.7 | −40.3 | −45.7 | −45.9 |
| | O | −36.7 | −40.3 | −45.7 | −45.9 |
| (On-Budget) | BA | −33.8 | −36.5 | −40.5 | −40.0 |
| | O | −33.8 | −36.5 | −40.5 | −40.0 |
| Total Spending | BA | 1,057.5 | 1,097.3 | 1,169.5 | 1,220.4 |
| | O | 981.3 | 1,006.6 | 1,055.7 | 1,088.7 |
| Total Revenues | | 778.6 | 862.7 | 947.8 | 1,020.1 |
| Total Deficit | | −202.7 | −143.9 | −107.9 | −68.6 |
| On-Budget Spending | BA | 869.9 | 882.9 | 927.0 | 956.4 |
| | O | 796.9 | 809.0 | 847.3 | 869.2 |
| On-Budget Revenues | | 580.3 | 647.7 | 703.9 | 754.4 |
| On-Budget Deficit | | −216.6 | −161.3 | −143.4 | −114.8 |

## Table 2

## COMPONENTS OF COMMITTEE RECOMMENDATION

[In billions of dollars]

| | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|
| Baseline deficit | 182.7 | 166.8 | 143.9 |
| Revenue increases | −18.7 | −26.8 | −28.8 |
| Outlay reductions: | | | |
| Comprehensive freeze | −2.3 | −6.7 | −12.2 |
| Additional proposals beyond a comprehensive freeze | −16.1 | −19.5 | −23.2 |
| Debt service savings | −1.7 | −5.9 | −11.1 |
| Total deficit reductions | −38.8 | −58.9 | −75.3 |
| Deficit in Committee recommendation | 143.9 | 107.9 | 68.6 |

## Table 3

## DEFICIT COMPARISONS

[In billions of dollars]

| | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|
| Baseline | 182.7 | 166.8 | 143.9 |
| President's budget request (CBO re-estimate) | 160.4 | 132.6 | 92.2 |
| Committee recommendation | 143.9 | 107.9 | 68.6 |
| Gramm-Rudman-Hollings Maximum Deficit Amount | 144.0 | 108.0 | 72.0 |
| Compared to Maximum Deficit Amount: | | | |
| Baseline | +38.7 | +58.8 | +71.9 |
| President's budget request (CBO re-estimate) | +16.4 | +24.6 | +20.2 |
| Committee recommendation | −0.1 | −0.1 | −3.4 |

# Chapter II. ECONOMICS

## THE COMMITTEE RECOMMENDATION

The budget resolution adopted by the Committee meets the maximum deficit targets set forth in the Balanced Budget and Emergency Deficit Control Act of 1985, commonly known as Gramm-Rudman-Hollings. The Committee recommendation represents a bipartisan consensus on the budget actions necessary to avoid the dramatic across-the-board spending cuts required under Gramm-Rudman-Hollings. Under current economic assumptions and budget policies, the new budget procedures would require that defense programs be cut 9.8 percent across the board and relevant nondefense spending programs be reduced 12.4 percent if no action is taken to reduce baseline deficits.

In order to avoid these across-the-board cuts, the Committee recommends a combination of spending cuts and tax increases totalling $173.0 billion over the FY 1987 through FY 1989 budget period. These policies, if adopted in their entirety, will reduce the Federal budget deficit to $143.9 billion in FY 1987, $107.9 billion in FY 1988, and $68.6 billion in FY 1989. If these budget policies remain unchanged through the end of the decade, the Federal budget will be balanced in FY 1991 as required under the new budget procedures and the structural budget deficit, which has been the focus of Federal budget policy over the past 5 years, will be eliminated, or may well become a surplus.

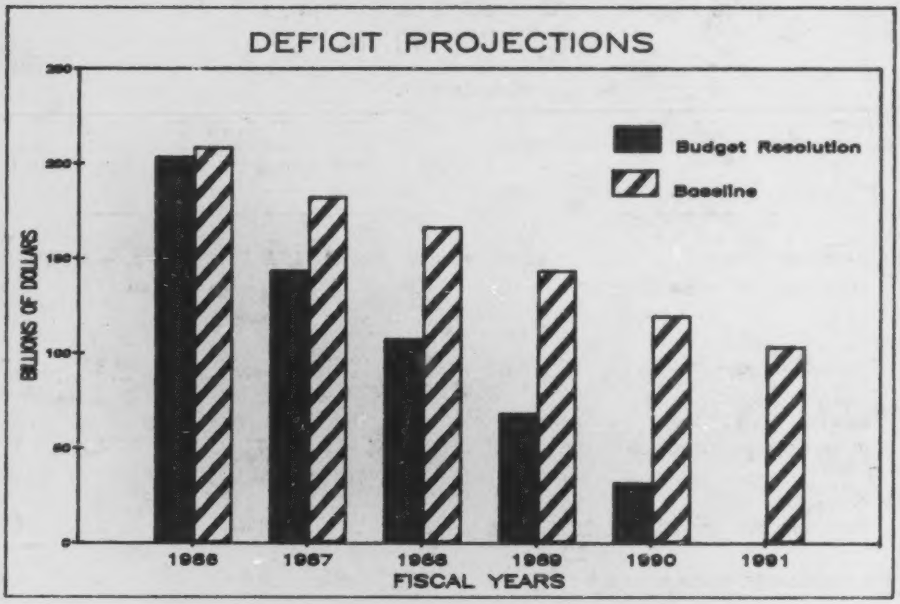
## Table 1

## BUDGET PROJECTIONS

[In billions of dollars]

| | Actual | Recommendation | | | | Projection | |
|---|---|---|---|---|---|---|---|
| | FY 1985 | FY 1986 | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
| Budget Authority | 1,074.1 | 1,057.9 | 1,097.4 | 1,169.8 | 1,220.4 | 1,279.4 | 1,334.9 |
| Outlays | 946.3 | 982.5 | 1,006.6 | 1,055.7 | 1,088.7 | 1,129.5 | 1,175.4 |
| Revenues | 734.1 | 778.6 | 862.7 | 947.8 | 1,020.1 | 1,101.3 | 1,185.2 |
| Deficit | −212.3 | −203.9 | −143.9 | −107.9 | −68.6 | −28.2 | +9.8 |
| Public debt subject to limit | 1,823.8 | 2,106.2 | 2,323.1 | 2,523.0 | 2,697.9 | 2,849.6 | 2,975.0 |
| Outlays as a percent of GNP | 24.0 | 23.4 | 22.4 | 21.8 | 20.9 | 20.1 | 19.4 |
| Revenues as a percent of GNP | 18.6 | 18.6 | 19.2 | 19.6 | 19.6 | 19.6 | 19.6 |
| Growth in outlays (percent) | 11.1 | 3.8 | 2.5 | 4.9 | 3.1 | 3.7 | 4.1 |
| Adjusted for inflation | 7.3 | 0.4 | −1.5 | 0.7 | −1.0 | −0.3 | 0.0 |
| Growth in revenues (percent) | 10.1 | 6.1 | 10.8 | 9.9 | 7.6 | 8.0 | 7.6 |
| Adjusted for inflation | 6.3 | 2.6 | 6.5 | 5.5 | 3.3 | 3.7 | 3.4 |
| Growth in public debt (percent) | 15.9 | | | | | | |
| GNP | 3,936.9 | 4,191.7 | 4,503.7 | 4,838.3 | 5,214.2 | 5,618.8 | 6,046.9 |

CHART 1



## ECONOMIC ASSUMPTIONS IN THE BUDGET RESOLUTION

The economic assumptions used to develop the spending and revenue estimates in the budget resolution are shown on table 2. These economic assumptions were developed by the Congressional Budget Office (CBO) and are the same as the projections presented in the 1986 CBO annual report. CBO has developed these assumptions using much the same approach as in past forecasts except for interest rates. In the case of interest rates, CBO assumes that the maximum deficit targets specified in the Balanced Budget and Emergency Deficit Control Act of 1985 (otherwise known as Gramm-Rudman-Hollings) are achieved and, therefore, interest rates decline through the end of the decade. Gramm-Rudman-Hollings requires that budget deficits be reduced to $144 billion in FY 1987, $108 billion in FY 1988, $72 billion in FY 1989, $36 billion in FY 1990 and that the budget be balanced in FY 1991.

## Table 2

## ECONOMIC ASSUMPTIONS USED IN DEVELOPING THE COMMITTEE RECOMMENDATION

[Calendar years]

| | Actual<br>1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|---|
| GNP (in billions of dollars):[1] | 3,988.6 | 4,269.3 | 4,582.8 | 4,929.7 | 5,312.6 | 5,724.7 | 6,152.3 |
| Percent change, annual | 5.7 | 6.9 | 7.3 | 7.6 | 7.8 | 7.8 | 7.5 |
| Real GNP (1982 dollars):[1] | | | | | | | |
| Percent change, annual | 2.2 | 3.2 | 3.1 | 3.3 | 3.5 | 3.5 | 3.2 |
| GNP deflator: | | | | | | | |
| Percent change, annual | 3.3 | 3.6 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| CPI–W: | | | | | | | |
| Percent change, annual | 3.5 | 3.4 | 4.2 | 4.4 | 4.4 | 4.3 | 4.3 |
| Unemployment rate, annual average [2] | 7.2 | 6.7 | 6.7 | 6.5 | 6.3 | 6.1 | 6.0 |
| 3-month T-bill rate, annual average | 7.5 | 6.8 | 6.7 | 6.4 | 6.1 | 5.7 | 5.4 |

[1] The 1985 actual GNP data reflect the March 19, 1986, revision; the GNP projections for 1986–1991 do not reflect the two most recent fourth quarter 1985 revisions.

[2] All civilian workers.

### IMPORTANCE OF ECONOMIC ASSUMPTIONS UNDER NEW BUDGET PROCEDURES

Economic assumptions take on a new importance under the Balanced Budget and Emergency Deficit Control Act. The new budget procedures require the CBO and the Office of Management and Budget (OMB) to estimate the budget impact of current law as of August 10th using the most recent economic assumptions. If CBO and OMB are too optimistic in their original projections, the budget deficit projected in August could exceed the maximum deficit amount specified for the budget year. This means that a sequester could be triggered despite the fact that Congress had passed the legislation it thought necessary to achieve the deficit target. It is therefore important that the economic assumptions in the budget resolution be as realistic as possible. The following sections compare the economic assumptions in the budget resolution to the President's and to private forecasts and discuss several trends which could affect the economic, and therefore, the budget outlook.

### COMPARSION TO OTHER FORECASTS

When the CBO economic assumptions were first released in February, they were somewhat more optimistic than many private forecasts. However, as oil prices have declined and long-term interest rates have followed their lead, the private forecasts have become equally or, in some cases, more optimistic than CBO. Table 3 compares the CBO assumptions to the President's forecast and to other private forecasts. The real growth rates in the CBO forecast are about on target with other forecasts in the fiscal year 1986–88 period. Similarly, the unemployment and the interest rates in the CBO assumptions are almost identical to other forecasts. The only significant difference between the CBO and other forecasts is in the inflation rate. The CBO forecast was developed before the recent drop in oil prices and includes a $24.90 per barrel assumption for the average refiner's acquisition cost of crude compared to the $17 to $18 assumptions that are now common in many forecasts. The effect of these differences is to reduce other inflation forecasts by almost a percentage point and raise the forecast for real growth by a half to a full percentage point. (The effect of oil prices on the economic outlook and the budget is discussed later in this section.)

## Table 3

## COMPARISON OF FORECASTS

| | 1986 | 1987 | 1988 |
|---|---|---|---|
| Real GNP (percent change, calendar year average): | | | |
| Blue Chip (3/10/86) | 3.2 | 3.1 | NA |
| Chase Econometrics (2/27/86) | 2.6 | 2.7 | 2.8 |
| Data Resources (2/26/86) | 2.6 | 2.9 | 3.2 |
| Merrill Lynch Economics (3/6/86) | 3.4 | 3.5 | NA |
| Townsend-Greenspan (2/20/86) | 3.0 | 1.5 | NA |
| Wharton (2/20/86) | 3.2 | 4.1 | 2.4 |
| Average | 3.0 | 3.0 | 2.8 |
| Administration (1/24/86) | 3.4 | 4.0 | 4.0 |
| CBO (2/19/86) | 3.2 | 3.1 | 3.3 |
| Nominal GNP (percent change, calendar year average): | | | |
| Blue Chip | 6.3 | 6.9 | NA |
| Chase Econometrics | 6.1 | 6.2 | 6.5 |
| Data Resources | 5.3 | 5.8 | 7.5 |
| Merrill Lynch Economics | 6.2 | 6.7 | NA |
| Townsend-Greenspan | 6.8 | 6.0 | NA |
| Wharton | 6.4 | 7.9 | 6.9 |
| Average | 6.2 | 6.6 | 7.0 |
| Administration | 7.0 | 8.3 | 7.9 |
| CBO | 6.9 | 7.3 | 7.6 |
| GNP Deflator (percent change, calendar year average): | | | |
| Blue Chip | 3.0 | 3.7 | NA |
| Chase Econometrics | 3.4 | 3.5 | 3.6 |
| Data Resources | 2.7 | 2.8 | 4.2 |
| Merrill Lynch Economics | 2.6 | 3.0 | NA |

### Table 3—Continued

| | 1986 | 1987 | 1988 |
|---|---|---|---|
| Townsend-Greenspan | 3.7 | 4.5 | NA |
| Wharton | 3.1 | 3.6 | 4.4 |
| Average | 3.1 | 3.5 | 4.1 |
| Administration | 3.5 | 4.2 | 3.7 |
| CBO | 3.6 | 4.1 | 4.1 |
| Consumer Price Index (percent change, calendar year average): | | | |
| Blue Chip | 3.0 | 3.7 | NA |
| Chase Econometrics | 3.0 | 3.7 | 3.9 |
| Data Resources | 2.6 | 3.0 | 4.2 |
| Merrill Lynch Economics | 2.9 | 3.6 | NA |
| Townsend-Greenspan | 3.5 | 4.9 | NA |
| Wharton | 2.9 | 3.8 | 4.4 |
| Average | 3.0 | 3.8 | 4.2 |
| Administration | 3.5 | 4.1 | 3.7 |
| CBO | 3.4 | 4.2 | 4.4 |
| Unemployment Rate (percent, calendar year average): | | | |
| Blue Chip | 6.7 | 6.6 | NA |
| Chase Econometrics | 6.8 | 6.4 | 6.2 |
| Data Resources | 6.6 | 6.5 | 6.2 |
| Merrill Lynch Economics | 6.5 | 6.3 | NA |
| Townsend-Greenspan | 6.6 | 7.3 | NA |
| Wharton | 6.5 | 6.2 | 6.5 |
| Average | 6.6 | 6.6 | 6.3 |
| Administration | 6.7 | 6.5 | 6.3 |
| CBO | 6.7 | 6.7 | 6.5 |
| 3-Month Treasury Bill (percent, calendar year average): | | | |
| Blue Chip | 6.9 | 7.0 | NA |
| Chase Econometrics | 6.8 | 6.9 | 6.6 |
| Data Resources | 7.0 | 6.5 | 5.8 |
| Merrill Lynch Economics | 6.8 | 6.6 | NA |
| Townsend-Greenspan | 6.8 | 6.6 | NA |
| Wharton | 7.0 | 7.3 | 7.6 |
| Average | 6.9 | 6.8 | 6.7 |
| Administration | 7.3 | 6.5 | 5.6 |
| CBO | 6.8 | 6.7 | 6.4 |

NA—Not available.

The similarity among forecasts has led to similar deficit estimates. Table 4 compares several private baseline deficit estimates to the CBO and Administration estimates. A small amount of the difference between the various forecasts is due to economics. However, most of the differences are due to technical assumptions and to the individual forecasting firms' definitions of current policy. For example, Townsend-Greenspan projects lower current policy revenues than either CBO or the Administration. Merrill Lynch's current policy for defense assumes about 4 percent real growth, while CBO assumes zero real growth. DRI assumes about 1 percent real growth in defense as current policy.

Table 4

COMPARISON OF CURRENT POLICY BASELINE DEFICIT ESTIMATES

[In billions of dollars]

| | FY 1986 | FY 1987 | FY 1988 |
|---|---|---|---|
| Data Resources, Inc.[1] | 228 | 188 | 159 |
| Merrill Lynch Economics [1] | 207 | 197 | NA |
| Townsend-Greenspan, Inc | 212 | 197 | NA |
| CBO | 209 | 183 | 167 |
| Administration | 206 | 182 | 150 |
| Addendum: | | | |
| CBO w/1986 Budget Res. Defense Assumptions | 209 | 190 | 184 |

[1] DRI assumes about 1 percent real growth in defense as current policy; Merrill Lynch assumes about 4 percent real growth in defense as current policy.

NA—Not available.

## OVERVIEW OF RECENT TRENDS

The early indicators for 1986 are strong in some sectors and less strong in others. Employment growth has picked up since the summer of 1985 with payroll employment rising an average of 300,000 in each of the past 3 months. In January, the civilian unemployment rate dipped to 6.7 percent, the lowest unemployment rate since March of 1980. However, severe weather and weakness in oil extraction and manufacturing brought the February rate up to 7.3 percent, the level that prevailed during the first half of 1985. Employment growth in the service producing sector continues to significantly out-perform manufacturing. Of the 3.1 million new payroll jobs created in the past year, 3 million have been in the service-producing sector.

Throughout most of 1985, industrial production grew by less than 1.5 percent. Since October of 1985, production has risen at a 3.2-percent annual rate. Production in the first quarter has been mixed. Durable goods production has been boosted by strength in autos, while mining output has been weakened by the decline in oil prices.

Fourth quarter growth for 1985 was revised down from 1.2 percent to 0.7 percent. The major reason for the revision was higher imports and further deterioration in the trade balance from the third quarter.

Other indicators are relatively strong. Housing starts rose to a 2.1 million annual rate in January, which is the highest level in 2 years, and held at a 2.0 million rate in February. This is a clear sign that housing has picked up considerably from the 1.6 million rate of last summer. Consumer confidence also continues at very high levels and consumers' willingness to buy major durables appears to be picking up after a lull last summer.

Personal income continues to rise moderately, but steadily. Income rose 0.1 percent in January and 0.6 percent in February. The increase was affected in both months by several factors, including the timing of cost-of-living adjustments for Federal pensions and income support programs and Commodity Credit Corporation payments to farmers. If these factors are not taken into account, personal income rose 0.4 percent in both January and February. Personal income grew only 5.9 percent in 1985 compared to 9.7 percent in 1984. While disposable income grew 4.9 percent in nominal terms, real DPI rose only 1.6 percent. The slowdown in spending, however, did not match the slowdown in income and the personal savings rate dropped last year.

The savings rate recovered a bit toward the end of the year and has continued to rise in 1986. Real disposable income should rise more rapidly this year than last, considering the very favorable outlook for inflation in the near term. This suggests good spending growth in 1986—even allowing for the saving rate to rise a little. Most forecasts are now looking for consumption to rise at least 3 to 4 percent this year.

## TRADE BALANCE AND FOREIGN ECONOMIC PERFORMANCE

A major risk in any recent forecast is the trade balance. As noted earlier, the downward revision of the fourth quarter growth rate was due in large part to a deterioration in the trade balance from the third quarter. The CBO economic assumptions used in this baseline assume a further deterioration in the trade balance of about $20 billion this year and another $8 to $10 billion in 1987. The forecast assumes that exports will grow about 5 percent in real terms this year after an almost 5 percent drop last year. Exports in the CBO forecast are expected to be up about 7 percent in 1987. Imports are expected to rise 4 percent (a little faster than the economy as a whole) in both 1986 and 1987.

The extent of the dollar's fall to date supports CBO's trade balance projections. The CBO assumptions include a drop of about 25 percent in the dollar relative to the currencies of our key trading partners. The dollar, since September, has fallen 25 percent relative to the Japanese yen and 20 percent compared to the German mark.

Equally important to the U.S. trade picture, economists are becoming somewhat more optimistic about the prospects for growth abroad. Although the most recent OECD projections still look for about a 2½-percent growth rate for Europe, these projections do not include the effect of the recent oil price fall. Many forecasts have added one-half to a full percentage point to the growth rate of the industrialized countries. Economists are now looking for a 3-percent or better growth rate in Germany. Even the outlook for Japan, which was not good recently, has improved.

The outlook for the developing countries in this environment of falling oil prices is also improving. Although lower oil prices tend to widen the differences between the oil producers and the non-oil producers, on balance, the developing countries will benefit from the drop in oil. Developing countries as a group are likely to reduce their oil import bill and increase their exports to industrial countries. However, certain countries important to U.S. trade, like Mexico and Venezuela, will be hurt significantly by the oil price decline.

## ECONOMIC POLICY AND INTEREST RATES

Over the past 3 months, the stock market has reached a new historical peak and long term bond rates are at their lowest since mid-1978, because of a general optimism that the deficit problem would be solved by Gramm-Rudman-Hollings. The vast majority of private forecasts assume substantial reductions in future budget deficits, and the CBO assumptions in this baseline assumes the full realization of the Gramm-Rudman-Hollings targets.

Long-term bond rates have declined dramatically in response to the prospect of both lower budget deficits and lower oil prices. At the moment, the yield on the bellweather 9¼ percent long-term treasury is less than 8 percent, a full percentage point below the long-term treasury bond rate in the CBO baseline economic assumptions. Short-term interest rates are also lower than the CBO baseline assumptions through 1987.

Lower deficits lead to lower interest rates—which in turn lower deficits further. The reverse is also the case. The assumption that Congress will meet the maximum deficit targets is already built into the current interest rate levels. If the targets are not met or financial markets are otherwise disappointed in the progress in reducing deficits, interest rates could rise sharply. While there is no good measure of just what the adjustment might be, a return to the interest rate levels of last spring would raise short-term treasury rates by 1 to 2 percentage points and long-term treasuries by 1.5 to 3 full percentage points. A change in interest rates of this magnitude could add $10 to $20 billion to interest costs next year and raise the FY 1987 current policy deficit to over $200 billion.

## EFFECT OF OIL PRICES

The most important change in the economic outlook in recent months is the sharp fall in the spot price for oil. Crude oil prices have declined to $14.20 per barrel for Brent North Sea and $13.35 per barrel for West Texas intermediate currently.

The sharp drop in spot prices came in response to an announcement that Saudi Arabia would no longer constrain production to support world oil prices. The announcement came as more of a surprise than it should have been. Non-OPEC producers have consistently expanded production to match Saudi cutbacks. In 1981, Saudi Arabia was producing 9.6 MMB/D compared to less than 4 MMB/D currently. Mexico, Norway, and the United Kingdom have expanded their production by almost exactly the same amount. In December, with worldwide production over 2 MMB/D greater than demand, it became clear that, in order to stabilize oil prices, Saudi Arabia would have to close down production completely, a highly unlikely course of action.

At first, the drop in oil prices was viewed as temporary until the politics of the producer countries could create the necessary incentives for new production agreements. Now with prices falling even as production falls, and with no production agreement in sight, it appears that oil prices will remain low for some time. There are a number of credible forecasts of $10 per barrel in the event that there is no agreement on production levels.

The CBO economic assumptions used in the budget resolution assume an average acquisition price of $27 per barrel for 1985, $24.90 per barrel for 1986, and $23.40 for 1987. These assumptions were developed before oil prices fell to their present levels. Lower oil prices would lower the inflation rate in the CBO forecast. Townsend-Greenspan, for example, estimates that the refiners' acquisition price for crude will drop to $18 by April and that the consumer price index will show only a 0.1-percent rise in each of the next 3 months. This is comparable to estimates made by Merrill Lynch and Data Resources.

Most forecasts also anticipate that lower inflation rates will raise the real growth rate this year and next. A recent Merrill Lynch report concludes that the net effect of crude oil prices at even $20 per barrel could raise the 1986 growth rate by 0.4 percentage point and lower the inflation rate by 0.6 percentage point. The increase in the growth rate is due in large part to a $20 billion boost in consumer's purchasing power. The February Merrill Lynch forecast for 1986 reflects these changes and projects a 3.6-percent growth rate for this year and a 3.7-percent growth rate for next year.

### THE ECONOMY AND THE BUDGET: IS THE DEFICIT PROBLEM REAL?

The projected drop in the CBO and OMB current policy baseline deficits coupled with the anticipated effects of lower oil prices has lead some to question whether it is necessary to take real policy action or whether a better economy will resolve the deficit problem of its own accord.

The CBO current policy spending and revenue estimates are based on economic assumptions which assume continued economic growth through the end of the decade and a gradual decline in the unemployment rate. These assumptions are consistent with the approach that CBO has used in the past to develop economic projections. In its annual report, the Congressional Budget Office shows, as it typically does, the effect of a recession on the budget deficit. Under a low growth or recession scenario, the budget deficits rise from $210 billion projected for FY 1986 to $224 billion in FY 1987 and would continue to rise to near $300 billion in FY 1988 and FY 1989.

However, it is not necessary to assume lower growth in order to develop a deficit picture that is very different from the current policy baseline that the Committee has used for the purposes of developing a budget. This year, CBO changed its approach to developing a budget baseline in two important ways, both of which reduced out-year deficit projections dramatically. First, CBO assumed that interest rates, both in nominal and real terms, would decline through the end of the decade because the Gramm-Rudman-Hollings maximum deficit targets would be met. In the past, CBO has always assumed that real interest rates would remain unchanged after the budget resolution year under current policies.

Second, CBO has also changed its approach to setting a current policy defense spending baseline. In the past CBO has used various approaches to devising current policy in defense. Last year, for example, CBO assumed the real growth rates in defense budget authority implied by the most recent congressional budget resolution. Although the FY 1986 budget resolution assumed that defense would grow by 3 percent in real terms in the FY 1987-88 period, the CBO current policy baseline assumes no real growth in defense in this budget period. Indeed, almost all of the apparent improvement in the projected current policy baseline after FY 1986 is due to changes in the Congressional Budget Office's conventions for projecting interest rates and the defense baseline. If these baseline deficits were estimated using current interest rates (or even the past conventional CBO approach) and last year's budget resolution assumptions for defense budget authority, the current policy deficit would remain at, or near, $180 billion in each of the next 5 years. Table 5 shows the CBO current policy baseline deficit using some different assumptions about the path of interest rates and defense spending.

### Table 5

### DEFICITS USING ALTERNATIVE DEFENSE AND INTEREST RATE ASSUMPTIONS

[In billions of dollars]

| | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|
| | Baseline interest rates | | | | |
| Baseline defense | 183 | 167 | 144 | 120 | 104 |
| 3 percent real growth in defense | 185 | 175 | 163 | 152 | 150 |

Table 5—Continued

[In billions of dollars]

| | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|
| | Constant real interest rates | | | | |
| Baseline defense | 183 | 169 | 150 | 134 | 129 |
| 3 percent real growth in defense | 185 | 177 | 170 | 166 | 176 |

The recent drop in oil prices has added to the controversy about the deficit outlook under current policies. As indicated earlier, the price of oil is currently fluctuating in the range of $11 to $14 a barrel, which is almost $10 below the CBO assumption for the refiners' acquisition cost of oil this year. Lower oil prices will lower the inflation rate and presumably, over time, raise the projection of real growth in the economy. Again, as previously noted, several forecasts have already incorporated the effect of lower oil prices.

Despite revisions in the private forecasts, it is not all clear how the incorporation of these new lower oil prices would impact the CBO forecast. First, the CBO projection for real growth was already above the consensus of most forecasts when it was initially released. Several private forecasts, like the most recent forecast from Shearson-Lehman-American Express, have raised their real growth rate for this year and next on the basis of lower oil prices. But these new higher growth forecasts are still lower than CBO's, at least for this year.

Second, the economy appears to be weakening at the moment, for a number of reasons. While almost no economist expects a recession, it is becoming increasingly clear that the negative effects of lower prices are felt immediately (through lower drilling and lower employment in the oil States) and that the benefits will come much later—if nothing else changes.

Third, it is not at all clear how the impact of a changed economy, with lower oil prices, affects the Federal budget. The current CBO economic assumptions do not include the lower fourth quarter GNP revisions that were released on March 19th and trends in the first quarter may not even support a 3-percent growth rate for the current quarter. Therefore, if the effect of lower oil prices is to lower inflation well before it raises economic growth, the overall tax base in the economy in 1986 could actually be somewhat lower than now assumed by CBO. Of course, lower inflation would also tend to reduce the cost of some Federal programs, particularly, cost-of-living adjustments.

All in all, the Congressional Budget Office has advised against reestimating the economic assumptions for the effect of lower oil prices. On balance, it appears that the baseline budget deficit might be somewhat lower under a new forecast, but the net effect of such a change is likely to be small.

Moreover, it is also clear from past experience that what can go wrong usually will with respect to deficit projections. The budget estimates are extraordinarily sensitive to small changes in the economic assumptions. Even changes in the mix of economic activity can affect the overall budget projections. And, changes in spending estimates even under current policy can also play an important role. The most recent reestimate of the FY 1986 deficit from $171.9 billion to $220.5 billion was due almost entirely to changes in the spend-out rates for key programs like defense and agriculture and had little to do with changes in the economy.

For whatever reasons, Federal budget deficits have usually exceeded initial projections. And, as indicated above, any breakdown in the overall Congressional process which signals a possible failure to comply with the Gramm-Rudman-Hollings budget limits could have a dramatic and damaging impact on both financial markets and the budget. Therefore, it appears prudent to reserve any so-called "good" economic news against a possible later upward reestimate of the deficit to assure that a sequester will not occur if Congress enacts the policy actions recommended by the Committee.

# Chapter III. REVENUES

## SUMMARY

The Committee recommends a revenue level of $862.7 billion for FY 1987. The Committee recommendation assumes the baseline level of revenues ($844.0 billion), an increase in revenues equal to the President's request ($5.9 billion), and a further unspecified increase in revenues of $12.6 billion. The FY 1986 through FY 1989 totals also assume enactment of the revenue provisions contained in the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution. The Committee recommends a revenue level of $947.8 billion in FY 1988 and $1,020.1 billion in FY 1989. These out-year revenue levels also represent the baseline level of revenues plus the President's requested revenue increase and a further increment in revenues. Table 1 shows the revenue levels contained in the Committee recommendation.

## REVENUE BASELINE

The revenue baseline used by the Committee during its deliberations on the budget resolution was prepared by the Congressional Budget Office. The baseline is the level of revenues that would occur under existing tax law. All tax provisions scheduled to expire in FY 1986 through FY 1989 are assumed to do so as specified in law, with four exceptions. Taxes for the Hazardous Substance Response Trust Fund (Superfund) are assumed to have been extended at the rates in effect when the taxes expired on September 30, 1985. Taxes for the Airport and Airway Trust Fund and Highway Trust Fund are assumed to be extended at current rates beyond their expiration dates in FY 1987 and FY 1988, respectively. This convention is used to be consistent with the baseline assumptions for spending. The Federal civil service retirement contribution adjustment for new employees is also assumed to be extended beyond its scheduled expiration date on April 30, 1986. Table 2 shows by source the revenue baseline as estimated by CBO in its February 1986 report.

## EXPLANATION OF RECONCILIATION DECISIONS

As detailed on table 1, the Committee assumes that total revenues, as a result of revenue decisions, will be increased by $19.3 billion in FY 1987, $27.6 billion in FY 1988, and $29.9 billion in FY 1989. It assumes that total revenues, as a result of changes in spending programs, will be reduced by $0.6 billion in FY 1987, $0.8 billion in FY 1988, and $1.0 billion in FY 1989. The Committee assumes that the aggregate increase in revenues, as a result of these two individual assumptions, will be $18.7 billion in FY 1987, $26.8 billion in FY 1988, and $28.8 billion in FY 1989.

The Committee recommendation specifically rejects any increase in individual income tax rates. It believes that the recommended increase in revenues is achievable through enhanced compliance, tax amnesty, reductions in tax expenditures, excise taxes, etc.

## TAX AMNESTY AND COMPLIANCE

The Committee believes that tax amnesty and compliance programs warrant serious review. Estimates for tax amnesty range from $500 million to over $8 billion. The CBO estimates that the President's compliance requests would increase revenues by $9.9 billion over FY 1987 through FY 1989.

### Table 1

### REVENUE PROJECTIONS

[In billions of dollars]

| | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|
| Baseline | 777.8 | 844.0 | 921.0 | 991.3 |
| President's revenue increase | | +5.9 | +7.1 | +8.6 |
| Revenue effect of spending programs | | −0.6 | −0.8 | −1.0 |
| Reconciliation taxes | +0.8 | +0.8 | +1.1 | +1.2 |
| Unspecified revenue increases | | +12.6 | +19.4 | +20.0 |
| Committee recommendation | 778.6 | 862.7 | 947.8 | 1,020.1 |

### Table 2

### BASELINE REVENUES BY SOURCE

[In billions of dollars]

| Source | Actual | Projected | | | |
|---|---|---|---|---|---|
| | FY 1985 | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| Individual income | 334.6 | 354.4 | 384.7 | 421.8 | 460.7 |
| Corporate income | 61.3 | 72.2 | 89.2 | 100.2 | 108.0 |
| Social insurance: | | | | | |
| OASDI | 186.2 | 198.3 | 213.4 | 240.7 | 261.2 |
| HI | 44.9 | 50.8 | 55.5 | 59.8 | 63.8 |
| Other | 34.1 | 31.7 | 32.0 | 31.2 | 30.1 |
| Windfall profit | 6.2 | 4.2 | 2.0 | 1.6 | 1.6 |
| Other excises | 29.7 | 29.1 | 28.6 | 27.6 | 27.2 |

### Table 2—Continued

[In billions of dollars]

| Source | Actual | Projected | | | |
|---|---|---|---|---|---|
| | FY 1985 | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| Estate and gift | 6.4 | 6.1 | 5.6 | 5.4 | 5.1 |
| Customs duties | 12.1 | 12.3 | 13.6 | 14.9 | 15.9 |
| Miscellaneous | 18.6 | 18.7 | 19.4 | 17.8 | 17.8 |
| Total revenues | 734.0 | 777.8 | 844.0 | 921.0 | 991.3 |
| On-budget revenues | 547.8 | 579.5 | 630.6 | 680.3 | 730.1 |
| Off-budget revenues | 186.2 | 198.3 | 213.4 | 240.7 | 261.2 |
| Nominal growth (percent) | 10 | 6 | 9 | 9 | 8 |
| Real growth (percent) | 6 | 2 | 4 | 5 | 3 |

## TAX EXPENDITURES

The Committee is concerned that tax expenditures have risen from an estimated $247 billion in FY 1984 to a projected $451 billion in FY 1987, an 83 percent increase. Table 3 shows the revenue effect of these items for FY 1987 through FY 1991. It should be noted that, because of interaction among the provisions, the revenue effect of altering more than one of these preference items would not necessarily equal the sum of each individual item.

## Table 3.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1987–1991

[Billions of dollars]

| Function | Corporations | | | | | Individuals | | | | | Total 1987–91 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1987 | 1988 | 1989 | 1990 | 1991 | |
| **National defense** | | | | | | | | | | | |
| Exclusion of benefits and allowances to Armed Forces personnel | | | | | | 2.3 | 2.4 | 2.6 | 2.7 | 2.7 | 12.7 |
| Exclusion of military disability pensions | | | | | | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.7 |
| **International affairs** | | | | | | | | | | | |
| Exclusion of income earned abroad by U.S. citizens | | | | | | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 8.9 |
| Exclusion of certain allowances for Federal employees abroad | | | | | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.0 |
| Exclusion of income of foreign sales corporations (FSCs) | 1.0 | 1.2 | 1.3 | 1.4 | 1.5 | | | | | | 6.4 |
| Deferral of income of controlled foreign corporations | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | | | | | | 2.5 |
| **General science, space, and technology** | | | | | | | | | | | |
| Expensing of research and development expenditures | 3.3 | 3.4 | 3.4 | 3.5 | 3.5 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 18.0 |
| Credit for increasing research activities | 0.4 | 0.1 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | 0.6 |
| **Energy** | | | | | | | | | | | |
| Expensing of exploration and development costs: | | | | | | | | | | | |
| Oil and gas | 1.6 | 1.6 | 1.6 | 1.7 | 1.8 | 1.1 | 1.1 | 1.2 | 1.2 | 1.3 | 14.2 |
| Other fuels | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | (1) | (1) | (1) | (1) | (1) | 0.8 |
| Excess of percentage over cost depletion: | | | | | | | | | | | |
| Oil and gas | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 3.9 |
| Other fuels | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | (1) | (1) | (1) | (1) | (1) | 1.5 |
| Capital gains treatment of royalties from coal | (1) | (1) | (1) | (1) | (1) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 |
| Alternative fuel production credit | (1) | (1) | (1) | (1) | (1) | | | | | | (0.1) |
| Alcohol fuel credit[3] | (1) | (1) | 0.2 | 0.3 | 0.3 | (1) | (1) | (1) | (1) | (1) | 0.9 |
| Exclusion of interest on State and local government industrial development bonds for energy production facilities | (2) | (2) | (2) | (2) | (2) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 1.3 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Natural resources and environment** | | | | | | | | | | | |
| Expensing of exploration and development costs, nonfuel minerals | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | (1) | (1) | (1) | (1) | (1) | 0.8 |
| Excess of percentage over cost depletion, nonfuels materials | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | (1) | (1) | (1) | (1) | (1) | 1.8 |
| Capital gains treatment of iron ore | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | 0.1 |
| Capital gains treatment of certain timber income | 0.5 | 0.6 | 0.6 | 0.6 | 0.7 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 3.9 |
| Investment credit and 7-year amortization of reforestation expenditures | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.5 |
| Exclusion of interest on State and local government pollution control, sewage, and waste disposal facilities bonds | −0.4 | −0.5 | −0.5 | −0.5 | −0.6 | 2.8 | 3.2 | 3.6 | 4.1 | 4.7 | 15.8 |
| Tax incentives for preservation of historic structures | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 1.4 | 1.5 | 1.6 | 1.7 | 1.8 | 8.9 |
| Special rules for mining reclamation reserves | (1) | 0.1 | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.5 |
| **Agriculture** | | | | | | | | | | | |
| Expensing of certain capital outlays | (1) | (1) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 1.0 |
| Capital gains treatment of certain income | 1.7 | 1.8 | 1.9 | 2.0 | 2.0 | 0.8 | 0.9 | 1.0 | 1.1 | 1.3 | 14.5 |
| Deductibility of patronage dividends and certain other items of cooperatives | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | −0.2 | −0.2 | −0.2 | −0.2 | −0.2 | 3.1 |
| Cost-sharing payments | .......... | .......... | .......... | .......... | .......... | (1) | (1) | (1) | (1) | (1) | 0.1 |
| **Commerce and housing** | | | | | | | | | | | |
| *Financial institutions* | | | | | | | | | | | |
| Bad debt reserves of financial institutions | 0.8 | 0.6 | 0.4 | 0.6 | 0.8 | .......... | .......... | .......... | .......... | .......... | 3.2 |
| Merger rules for thrift institutions | 0.6 | 0.3 | 0.3 | 0.3 | 0.3 | .......... | .......... | .......... | .......... | .......... | 2.3 |
| Exemption of credit union income | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | .......... | .......... | .......... | .......... | .......... | 2.1 |
| *Insurance companies* | | | | | | | | | | | |
| Exclusion of interest on life insurance and annuity savings | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 5.7 | 6.0 | 6.3 | 6.6 | 6.9 | 33.2 |
| Special taxable income adjustment for life insurance companies | 1.0 | 1.0 | 1.1 | 1.2 | 1.3 | .......... | .......... | .......... | .......... | .......... | 5.6 |
| Small life insurance company taxable income adjustment | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | .......... | .......... | .......... | .......... | .......... | 0.5 |
| Treatment of life insurance company reserves | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | .......... | .......... | .......... | .......... | .......... | 3.4 |
| Deductions of unpaid losses of property and casualty insurance companies | 1.7 | 1.9 | 2.0 | 2.1 | 2.3 | .......... | .......... | .......... | .......... | .......... | 10.0 |
| PAL accounts of mutual property and casualty insurance companies | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | .......... | .......... | .......... | .......... | .......... | 0.5 |
| Special exemptions, rates, and deductions of small mutual property and casualty insurance companies | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | .......... | .......... | .......... | .......... | .......... | 1.2 |

## Table 3.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1987-1991—Continued

[Billions of dollars]

| Function | Corporations | | | | | Individuals | | | | | Total 1987-91 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1987 | 1988 | 1989 | 1990 | 1991 | |
| Tax exemption for certain insurance companies | 0.4 | 0.5 | 0.5 | 0.6 | 0.7 | .......... | .......... | .......... | .......... | .......... | 2.7 |
| *Housing* | | | | | | | | | | | |
| Deductibility of mortgage interest on owner-occupied homes | .......... | .......... | .......... | .......... | .......... | 33.0 | 37.0 | 41.3 | 46.1 | 51.5 | 208.9 |
| Deductibility of property tax on owner-occupied homes | .......... | .......... | .......... | .......... | .......... | 9.6 | 10.9 | 12.4 | 14.1 | 16.0 | 63.0 |
| Deferral of capital gains on home sales | .......... | .......... | .......... | .......... | .......... | 6.4 | 6.9 | 7.5 | 8.0 | 8.6 | 37.4 |
| Exclusion of capital gains on home sales for persons age 55 and over | .......... | .......... | .......... | .......... | .......... | 2.1 | 2.3 | 2.5 | 2.7 | 2.9 | 12.5 |
| Exclusion of interest on State and local government bonds for owner-occupied housing | 0.7 | 0.8 | 0.8 | 0.7 | 0.7 | 2.3 | 2.5 | 2.5 | 2.4 | 2.3 | 15.8 |
| Accelerated depreciation in excess of straight-line for rental housing | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 1.4 | 1.4 | 1.4 | 1.6 | 1.7 | 9.2 |
| Expensing construction period interest and taxes for low-income housing | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 1.0 |
| Exclusion of interest on State and local government bonds for rental housing | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 | 7.9 |
| *Other business and commerce* | | | | | | | | | | | |
| Accelerated depreciation in excess of straight-line on buildings other than rental housing | 5.1 | 5.0 | 5.1 | 5.5 | 5.7 | 5.6 | 5.5 | 5.6 | 5.9 | 6.1 | 55.1 |
| Accelerated depreciation on equipment | 14.8 | 13.9 | 14.2 | 14.8 | 15.4 | 2.1 | 1.8 | 1.8 | 1.8 | 1.9 | 82.5 |
| Investment credit other than ESOPs, rehabilitation of structures, reforestation, and energy property | 31.2 | 34.6 | 38.3 | 42.3 | 46.4 | 5.6 | 6.2 | 6.8 | 7.5 | 8.2 | 227.1 |
| Expensing $5,000 depreciable business property | 0.1 | (1) | (1) | −0.1 | −0.3 | 0.1 | 0.1 | (1) | (1) | (1) | −0.1 |
| Capital gains, other than agriculture, coal, timber, and iron ore | .......... | .......... | .......... | .......... | .......... | 33.5 | 38.4 | 43.4 | 48.9 | 55.2 | 219.4 |
| Capital gains at death | .......... | .......... | .......... | .......... | .......... | 4.4 | 5.0 | 5.5 | 6.1 | 6.8 | 27.8 |
| Amortization of business startup costs | (1) | (1) | (1) | (1) | (1) | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.1 |
| Nonrecognition of gain on property distributions in liquidation | 4.5 | 5.3 | 5.9 | 6.3 | 6.6 | −0.4 | −0.5 | −0.5 | −0.6 | −0.6 | 26.1 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reduced rates on first $100,000 of corporate taxable income | 9.3 | 9.6 | 9.9 | 10.4 | 10.9 | | | | | | 50.1 |
| Dividend exclusion | | | | | | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 3.4 |
| Deductibility of nonmortgage interest in excess of investment income | | | | | | 9.5 | 10.6 | 11.6 | 12.7 | 13.9 | 58.3 |
| Finance leasing | 0.1 | 0.2 | 0.8 | 1.6 | 2.3 | | | | | | 5.0 |
| Permanent exemption from imputed interest rules | (1) | (1) | (1) | (1) | (1) | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.2 |
| Exclusion of income from discharge of indebtedness | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | 0.2 |
| Expensing magazine circulation expenditures | (1) | (1) | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.3 |
| Special rules for magazine, paperback, and record returns | (1) | (1) | (1) | (1) | (1) | | | | | | (1) |
| Deferral of gain on installment sales | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | (1) | (1) | (1) | (1) | (1) | 1.3 |
| Completed contract rules | 4.4 | 4.8 | 5.1 | 5.3 | 5.5 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 27.2 |
| Cash accounting, other than agriculture | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.6 |
| Bad debt reserves, other than financial institutions | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | (1) | (1) | (1) | (1) | (1) | 3.0 |
| Amortization of trademark expenses | (1) | (1) | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.4 |
| Special rules for discount coupon redemptions | (1) | (1) | (1) | (1) | (1) | | | | | | (1) |
| Exclusion of interest on State and local government industrial development bonds | −0.6 | −0.5 | −0.4 | −0.2 | (2) | 4.2 | 4.4 | 4.3 | 4.2 | 4.0 | 19.5 |
| **Transportation** | | | | | | | | | | | |
| Deferral of tax on shipping companies | 0.1 | 0.1 | 0.1 | 0.1 | (1) | | | | | | 0.4 |
| Exclusion of interest on State and local government mass transit bonds | (2) | (2) | (2) | (2) | (2) | 0.1 | (1) | (1) | (1) | (1) | 0.2 |
| Amortization of railroad grading and tunnel bores | (1) | (1) | (1) | (1) | (1) | | | | | | (1) |
| **Community and regional development** | | | | | | | | | | | |
| Investment credit for rehabilitation of structures, other than historic structures | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 2.5 |
| Exclusion of interest on State and local government bonds for private airports, docks, and convention facilities | −0.1 | −0.1 | −0.1 | −0.1 | −0.1 | 1.0 | 1.1 | 1.3 | 1.4 | 1.6 | 5.9 |
| Exclusion of payment in aid of construction of water, sewage, gas, and electric utilities | 0.1 | 0.1 | 0.1 | (1) | (1) | | | | | | 0.3 |
| **Education, training, employment, and social services** | | | | | | | | | | | |
| *Education and training* | | | | | | | | | | | |
| Exclusion of scholarship and fellowship income | | | | | | 0.9 | 0.9 | 1.0 | 1.1 | 1.1 | 5.0 |
| Parental personal exemption for students age 19 or over | | | | | | 1.2 | 1.3 | 1.3 | 1.4 | 1.5 | 6.7 |

## Table 3.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1987-1991—Continued

[Billions of dollars]

| Function | Corporations | | | | | Individuals | | | | | Total 1987-91 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1987 | 1988 | 1989 | 1990 | 1991 | |
| Exclusion of interest on State and local government student loan bonds | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 2.0 |
| Exclusion of interest on State and local government bonds for private educational facilities | (1) | (1) | (1) | (1) | (1) | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 | 1.9 |
| Deductibility of charitable contributions for education | 0.6 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.7 | 0.8 | 0.9 | 0.9 | 7.6 |
| *Employment* | | | | | | | | | | | |
| Targeted jobs credit | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | 0.2 |
| Exclusion of employee meals and lodging (other than military) | .......... | .......... | .......... | .......... | .......... | 1.0 | 1.0 | 1.1 | 1.2 | 1.3 | 5.6 |
| Employee stock ownership plans (ESOPs): | | | | | | | | | | | |
| Tax credit | 2.6 | 1.7 | 0.7 | 0.2 | (1) | .......... | .......... | .......... | .......... | .......... | 5.2 |
| Dividend deduction | (1) | (1) | (1) | (1) | (1) | .......... | .......... | .......... | .......... | .......... | (1) |
| Nonrecognition of gain on stock sales | (1) | (1) | (1) | (1) | (1) | .......... | .......... | .......... | .......... | .......... | (1) |
| Exclusion of interest on ESOP loans | (1) | (1) | (1) | (1) | (1) | .......... | .......... | .......... | .......... | .......... | (1) |
| Cafeteria plans | .......... | .......... | .......... | .......... | .......... | 1.0 | 1.6 | 2.3 | 3.0 | 3.7 | 11.6 |
| Exclusion of rental allowances of minister's home | .......... | .......... | .......... | .......... | .......... | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 |
| Exclusion of miscellaneous fringe benefits | .......... | .......... | .......... | .......... | .......... | 3.6 | 3.8 | 4.1 | 4.5 | 4.8 | 20.8 |
| Deduction for two-earner married couples | .......... | .......... | .......... | .......... | .......... | 6.9 | 7.4 | 7.9 | 8.5 | 9.2 | 39.9 |
| Exclusion of income earned by benefit organizations: | | | | | | | | | | | |
| Supplemental unemployment benefit trusts | .......... | .......... | .......... | .......... | .......... | (1) | (1) | (1) | (1) | (1) | 0.2 |
| Voluntary employee benefit associations | .......... | .......... | .......... | .......... | .......... | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 2.3 |
| Reserves for vacation pay | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | (1) | (1) | (1) | (1) | (1) | 0.4 |
| *Social services* | | | | | | | | | | | |
| Deductibility of charitable contributions, other than for education and health | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | 11.6 | 10.2 | 11.0 | 11.8 | 12.9 | 60.9 |
| Credit for child and dependent care expenses | .......... | .......... | .......... | .......... | .......... | 2.7 | 3.0 | 3.4 | 3.9 | 4.4 | 17.4 |
| Exclusion for employer-provided child care | .......... | .......... | .......... | .......... | .......... | (1) | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 |
| Deduction for adoption expenses | .......... | .......... | .......... | .......... | .......... | (1) | (1) | (1) | (1) | (1) | 0.1 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Health** | | | | | | | | | | | |
| Exclusion of employer contributions for medical insurance premiums and medical care | | | | | | 26.3 | 28.9 | 32.0 | 35.5 | 39.2 | 161.9 |
| Deductibility of medical expenses | | | | | | 3.5 | 3.9 | 4.3 | 4.8 | 5.3 | 21.8 |
| Exclusion of interest on State and local government bonds for hospital facilities | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 2.4 | 2.8 | 3.2 | 3.8 | 4.4 | 17.4 |
| Deductibility of charitable contributions for health | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 1.7 | 1.5 | 1.6 | 1.7 | 1.9 | 10.1 |
| **Medicare** | | | | | | | | | | | |
| Exclusion of untaxed medicare benefits: | | | | | | | | | | | |
| Hospital insurance | | | | | | 4.5 | 5.2 | 6.0 | 6.9 | 7.9 | 30.5 |
| Supplementary medical insurance | | | | | | 1.9 | 2.2 | 2.6 | 3.0 | 3.6 | 13.2 |
| **Income security** | | | | | | | | | | | |
| Exclusion of untaxed railroad retirement system benefits | | | | | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 2.4 |
| Exclusion of workmen's compensation benefits | | | | | | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 | 15.1 |
| Exclusion of special benefits for disabled coal miners | | | | | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.7 |
| Exclusion of untaxed unemployment insurance benefits | | | | | | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 4.1 |
| Exclusion of public assistance benefits | | | | | | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 3.3 |
| Net exclusion of pension contributions and earnings: | | | | | | | | | | | |
| Employer plans | | | | | | 58.9 | 64.3 | 70.3 | 76.8 | 83.9 | 354.2 |
| Plans for self-employed | | | | | | 2.4 | 2.6 | 2.8 | 2.9 | 3.1 | 13.8 |
| Individual retirement plans | | | | | | 15.9 | 17.7 | 19.4 | 20.9 | 22.6 | 96.7 |
| Exclusion of other employee benefits: | | | | | | | | | | | |
| Premiums on group term life insurance | | | | | | 2.1 | 2.3 | 2.4 | 2.5 | 2.6 | 11.9 |
| Premiums on accident and disability insurance | | | | | | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.7 |
| Exclusion for employer-provided death benefits | | | | | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 |
| Additional exemption for the blind | | | | | | (3) | (3) | (1) | (3) | (1) | 0.3 |
| Additional exemption for the elderly | | | | | | 3.3 | 3.5 | 3.7 | 3.9 | 4.2 | 18.6 |
| Tax credit for the elderly and disabled | | | | | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.0 |
| Deductibility of casualty and theft losses | | | | | | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 1.7 |
| Earned income credit [4] | | | | | | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 1.5 |
| Five-year amortization for housing rehabilitation | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | 0.1 |
| **Social Security** | | | | | | | | | | | |
| Exclusion of untaxed social security benefits: | | | | | | | | | | | |
| Disability insurance benefit | | | | | | 1.1 | 1.2 | 1.3 | 1.4 | 1.4 | 6.4 |
| OASI benefits for retired workers | | | | | | 15.9 | 16.9 | 18.0 | 19.1 | 20.3 | 90.1 |
| Benefits for dependents and survivors | | | | | | 1.5 | 1.6 | 1.7 | 1.8 | 1.9 | 8.3 |

## Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1987-1991—Continued

[Billions of dollars]

| Function | Corporations | | | | | Individuals | | | | | Total 1987-91 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1987 | 1988 | 1989 | 1990 | 1991 | |
| **Veterans benefits and services** | | | | | | | | | | | |
| Exclusion of veterans' disability compensation | .......... | .......... | .......... | .......... | .......... | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 9.2 |
| Exclusion of veterans' pensions | .......... | .......... | .......... | .......... | .......... | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.0 |
| Exclusion of GI bill benefits | .......... | .......... | .......... | .......... | .......... | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 |
| Exclusion of interest on State and local government veterans housing bonds | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 2.0 |
| **General government** | | | | | | | | | | | |
| Credit for contributions to political candidates | .......... | .......... | .......... | .......... | .......... | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 1.4 |
| **General purpose fiscal assistance** | | | | | | | | | | | |
| Exclusion of interest on general purpose State and local government debt | 2.4 | 2.6 | 2.8 | 3.0 | 3.3 | 9.4 | 10.2 | 11.0 | 11.9 | 13.0 | 69.6 |
| Deductibility of nonbusiness State and local government taxes other than on owner-occupied homes | .......... | .......... | .......... | .......... | .......... | 22.7 | 25.1 | 27.7 | 30.6 | 33.8 | 139.9 |
| Exclusion and tax credit for corporations with possessions source income | 2.0 | 2.2 | 2.4 | 2.7 | 2.9 | .......... | .......... | .......... | .......... | .......... | 12.3 |
| **Interest** | | | | | | | | | | | |
| Deferral of interest on savings bonds | .......... | .......... | .......... | .......... | .......... | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 3.8 |

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[1] Less than $50 million.

[2] Loss of less than $50 million.

[3] In addition, the 6¢ per gallon exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of $0.2 billion in 1987, $0.2 billion in 1988, and $0.1 billion in 1989.

[4] The figures in the table show the effect of the earned income credit on receipts. The increase in outlays is: $1.6 billion in 1987, $1.5 billion in 1988, $1.4 billion in 1989, $1.3 billion in 1990, and $1.2 billion in 1991

## Addendum to Table 3

### Sum of Tax Expenditure Items by Type of Taxpayer, Fiscal Years 1987–1991

[In billions of dollars]

| Fiscal year | Corporations | Individuals | Total corporations and individuals |
|---|---|---|---|
| 1987 | 97.1 | 353.4 | 450.5 |
| 1988 | 101.1 | 385.1 | 486.2 |
| 1989 | 107.7 | 422.1 | 529.8 |
| 1990 | 116.0 | 462.3 | 578.3 |
| 1991 | 124.4 | 507.1 | 631.5 |

Note: These totals represent merely the mathematical sum of the estimated fiscal year effect of each of the tax expenditure items included in Table 3. The limitations on the use of the totals is explained in the text.

Source: Joint Committee on Taxation.

# Chapter IV. SPENDING AND CREDIT

## INTRODUCTION

This chapter provides details on the Committee's spending and credit recommendations for each of the 21 functional areas of the budget.

Each functional section contains the following material:

—A listing of the major national needs addressed by Federal activities in the function.

—A table showing for fiscal years 1986–89 the baseline used by the Committee in arriving at its spending recommendations and the Committee's spending recommendations.

—A table showing for fiscal years 1986–89 the baseline used by the Committee in arriving at its credit recommendations and the Committee's credit recommendations, where appropriate.

—A narrative explanation of the Committee's spending and credit recommendations.

—An explanation of the Committee's reconciliation recommendations in the function.

—A table showing for fiscal years 1986–89 the Committee's reconciliation recommendations.

—A table showing historical spending information for the function.

## THE BASELINE

The baseline as shown in this report has been prepared by the Congressional Budget Office (CBO) using the economic forecast contained in the CBO annual report to the Budget Committee released in February 1986, and the latest technical information available to CBO. The baseline dollar amounts differ in some cases from the amounts shown in the CBO annual report because of subsequent technical changes made by CBO and because of the Committee's decision to exclude a deferral for the strategic petroleum reserve construction account from the baseline estimates.

The baseline for all spending functions is the level that would occur if existing programs and policies were continued unchanged through the projection period with all programs adjusted for inflation so that existing real levels of activity are maintained. This year, the baseline for the National Defense function also assumes no real growth.

The CBO baseline includes the effects of reduced budgetary resources from sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), that took effect on March 1, 1986.

The baseline for credit programs shows the level of Federal credit activity that would result if current policies remained in place. For programs subject to appropriation limits in FY 1986, the baseline assumes that limits will be allowed to increase in future years to offset the effect of inflation. There are two exceptions to this rule: programs for which projections would exceed authorizing statutes and programs in which appropriations limits are expected to exceed actual obligations or commitments. For programs not limited in an appropriation act in FY 1986, the baseline assumes CBO's estimate of activity in future years.

In all numerical tables and in text, "President's budget request" refers to the President's budget request as re-estimated by CBO, based on the same principles used to construct the baseline.

The Balanced Budget and Emergency Deficit Control Act requires that the receipts and disbursements of the social security (OASDI) trust funds not be included in the President's budget request or in the congressional budget resolution. However, the Act also requires that these receipts and disbursements be included for the purposes of calculating the deficit for comparison with the maximum deficit amount. All summary tables in this chapter display both on-budget and social security spending for aggregate budget authority, outlays, and revenues, when available, as well as for the three functions affected by removing social security from the budget (function 650, Social Security; function 900, Net Interest; and function 950, Undistributed Offsetting Receipts). Spending summary tables for each function show total spending, unless indicated otherwise.

## GENERAL NOTE

In the case of all tables in this chapter, (1) an asterisk "(*)" means "less than $50 million" in the case of dollar amounts or "less than one-half percent" in the case of percentages, (2) details may not add to totals due to rounding, (3) "BA" means budget authority, (4) "O" means outlays, (5) "DL" means direct loans, (6) "LG" means loan guarantees, (7) "SLG" means secondary loan guarantees, and (8) "NA" means not available.

## Summary Table 1

## SUMMARY OF COMMITTEE RECOMMENDATION FOR SPENDING

[In billions of dollars]

| Function | | Recommendation | | | |
|---|---|---|---|---|---|
| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| 050: National Defense | BA | 286.8 | 295.1 | 309.0 | 323.6 |
| | O | 269.5 | 280.0 | 290.5 | 303.0 |
| 150: International Affairs | BA | 18.9 | 18.3 | 18.1 | 17.3 |
| | O | 17.1 | 14.4 | 14.2 | 13.6 |
| 250: General Science, Space, and Technology | BA | 8.8 | 10.0 | 10.1 | 10.6 |
| | O | 8.9 | 9.6 | 9.9 | 10.1 |
| 270: Energy | BA | −1.1 | 4.9 | 5.7 | 5.5 |
| | O | 4.2 | 5.0 | 5.4 | 4.9 |
| 300: Natural Resources and Environment | BA | 12.6 | 12.5 | 12.6 | 12.4 |
| | O | 12.8 | 12.6 | 12.6 | 12.7 |
| 350: Agriculture | BA | 31.6 | 23.8 | 26.1 | 25.3 |
| | O | 30.8 | 23.5 | 24.9 | 21.6 |
| 370: Commerce and Housing Credit | BA | 9.8 | 10.0 | 10.5 | 7.5 |
| | O | 4.0 | 4.3 | 6.3 | 1.4 |
| 400: Transportation | BA | 28.2 | 26.8 | 26.5 | 26.6 |
| | O | 27.5 | 27.8 | 26.7 | 26.8 |

## Summary Table 1—Continued

[In billions of dollars]

| Function |  | Recommendation |  |  |  |
|---|---|---|---|---|---|
|  |  | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| 450: Community and Regional Development | BA | 7.0 | 6.9 | 7.2 | 7.1 |
|  | O | 7.9 | 7.2 | 7.0 | 6.8 |
| 500: Education, Training, Employment, and Social Services | BA | 30.1 | 30.8 | 30.3 | 30.2 |
|  | O | 30.6 | 30.2 | 30.5 | 30.2 |
| 550: Health | BA | 36.4 | 37.9 | 40.0 | 42.0 |
|  | O | 35.6 | 37.9 | 40.1 | 41.9 |
| 570: Medicare | BA | 86.3 | 82.9 | 90.9 | 100.8 |
|  | O | 67.9 | 72.8 | 80.5 | 88.8 |
| 600: Income Security | BA | 155.7 | 160.9 | 169.2 | 173.2 |
|  | O | 118.3 | 121.5 | 128.2 | 133.1 |
| 650: Social Security | BA | 199.5 | 228.3 | 260.2 | 286.0 |
|  | O | 199.6 | 211.5 | 226.1 | 241.5 |
| (On-Budget) | BA | 4.8 | 5.5 | 6.1 | 6.9 |
|  | O | 8.1 | 5.5 | 6.1 | 6.9 |
| 700: Veterans Benefits and Services | BA | 27.3 | 27.2 | 27.5 | 27.6 |
|  | O | 26.6 | 26.6 | 27.1 | 27.3 |

| | | | | | |
|---|---|---|---|---|---|
| 750: Administration of Justice | BA | 6.8 | 7.0 | 7.1 | 7.0 |
| | O | 6.8 | 7.0 | 7.1 | 7.1 |
| 800: General Government | BA | 6.3 | 5.7 | 6.1 | 6.2 |
| | O | 6.3 | 5.6 | 6.1 | 6.2 |
| 850: General Purpose Fiscal Assistance | BA | 5.5 | 2.0 | 2.0 | 2.1 |
| | O | 5.9 | 2.8 | 2.0 | 2.1 |
| 900: Net interest | BA | 137.7 | 144.7 | 151.7 | 149.3 |
| | O | 137.7 | 144.7 | 151.7 | 149.3 |
| (On-Budget) | BA | 141.9 | 149.3 | 158.1 | 158.5 |
| | O | 141.9 | 149.3 | 158.1 | 158.5 |
| 920: Allowances | BA | ........ | 1.9 | 4.4 | 6.0 |
| | O | ........ | 1.9 | 4.5 | 6.2 |
| 950: Undistributed Offsetting Receipts | BA | −36.7 | −40.3 | −45.7 | −45.9 |
| | O | −36.7 | −40.3 | −45.7 | −45.9 |
| (On-Budget) | BA | −33.8 | −36.5 | −40.5 | −40.0 |
| | O | −33.8 | −36.5 | −40.5 | −40.0 |
| Total Spending | BA | 1,057.5 | 1,097.3 | 1,169.5 | 1,220.4 |
| | O | 981.3 | 1,006.6 | 1,055.7 | 1,088.7 |
| Total Revenues | | 778.6 | 862.7 | 947.8 | 1,020.1 |
| Total Deficit | | −202.7 | −143.9 | −107.9 | −68.6 |

## Summary Table 1—Continued

[In billion of dollars]

| Function | | Recommendation | | | |
|---|---|---|---|---|---|
| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| On-Budget Spending | BA | 869.9 | 882.9 | 927.0 | 956.4 |
| | O | 796.9 | 809.0 | 847.3 | 869.2 |
| On-Budget Revenues | | 580.3 | 647.7 | 703.9 | 754.4 |
| On-Budget Deficit | | −216.6 | −161.3 | −143.4 | −114.8 |

## Summary Table 2

## SUMMARY OF COMMITTEE RECOMMENDATION FOR CREDIT

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 050: National Defense | DL | 0.5 | | | |
| | LG | | | | |
| 150: International Affairs | DL | 8.7 | 7.4 | 7.5 | 7.7 |
| | LG | 11.8 | 11.7 | 11.7 | 11.7 |
| | SLG | 0.2 | 0.2 | 0.2 | 0.2 |
| 270: Energy | DL | 2.1 | 2.0 | 2.0 | 2.0 |
| | LG | | | | |
| 300: Natural Resources and Environment | DL | 0.1 | 0.1 | 0.1 | 0.1 |
| | LG | | | | |
| 350: Agriculture | DL | 19.9 | 14.3 | 12.1 | 11.3 |
| | LG | 7.1 | 8.0 | 8.5 | 8.5 |
| 370: Commerce and Housing Credit | DL | 5.0 | 4.5 | 4.3 | 4.5 |
| | LG | 52.7 | 39.4 | 40.0 | 39.5 |
| | SLG | 55.0 | 55.0 | 55.0 | 55.0 |

## Summary Table 2—Continued

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 400: Transportation | DL | 0.7 | 0.5 | 0.4 | 0.2 |
| | LG | 0.1 | 0.1 | 0.1 | 0.1 |
| 450: Community and Regional Development | DL | 1.4 | 1.1 | 1.3 | 1.1 |
| | LG | 0.2 | 0.3 | 0.3 | 0.3 |
| 500: Education, Training, Employment, and Social Services | DL | 1.5 | 1.5 | 1.4 | 1.3 |
| | LG | 10.0 | 10.3 | 10.7 | 11.0 |
| 550: Health | DL | ........ | ........ | ........ | ........ |
| | LG | 0.4 | 0.3 | 0.3 | 0.3 |
| 600: Income Security | DL | 1.5 | 1.8 | 1.8 | 0.7 |
| | LG | ........ | ........ | ........ | ........ |
| 700: Veterans Benefits and Services | DL | 1.5 | 1.5 | 1.4 | 1.3 |
| | LG | 12.2 | 16.3 | 16.9 | 17.6 |
| Total credit | DL | 42.9 | 34.7 | 30.2 | 30.3 |
| | LG | 94.5 | 86.4 | 88.5 | 89.0 |
| | SLG | 55.2 | 55.2 | 55.2 | 55.2 |

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*Less than $50 million.

## Summary Table 3

## SUMMARY OF BASELINE

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 050: National Defense | BA | 291.0 | 300.9 | 314.7 | 329.5 |
| | O | 269.4 | 284.0 | 296.4 | 310.9 |
| 150: International Affairs | BA | 18.9 | 20.2 | 20.8 | 24.4 |
| | O | 17.1 | 15.3 | 15.8 | 15.8 |
| 250: General Science, Space, and Technology | BA | 8.8 | 9.3 | 9.7 | 10.2 |
| | O | 8.9 | 9.1 | 9.4 | 9.8 |
| 270: Energy | BA | −1.1 | 5.3 | 5.7 | 6.0 |
| | O | 4.2 | 5.3 | 5.3 | 5.3 |
| 300: Natural Resources and Environment | BA | 12.6 | 13.0 | 13.3 | 13.7 |
| | O | 12.7 | 13.1 | 13.1 | 13.5 |
| 350: Agriculture | BA | 31.6 | 23.9 | 26.5 | 25.6 |
| | O | 30.8 | 23.7 | 25.2 | 21.9 |
| 370: Commerce and Housing Credit | BA | 9.9 | 10.9 | 11.3 | 9.4 |
| | O | 4.1 | 4.7 | 7.1 | 3.1 |
| 400: Transportation | BA | 28.1 | 29.1 | 29.7 | 30.6 |
| | O | 27.4 | 27.4 | 27.4 | 28.1 |

## Summary Table 3—Continued

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 450: Community and Regional Development | BA | 7.0 | 7.0 | 8.4 | 8.5 |
| | 0 | 8.0 | 7.7 | 7.8 | 8.0 |
| 500: Education, Training, Employment, and Social Services | BA | 30.3 | 32.1 | 33.5 | 34.9 |
| | 0 | 30.9 | 31.0 | 32.4 | 33.6 |
| 550: Health | BA | 36.4 | 38.4 | 41.0 | 43.6 |
| | 0 | 35.6 | 38.5 | 40.9 | 43.2 |
| 570: Medicare | BA | 86.7 | 83.6 | 92.2 | 102.1 |
| | 0 | 68.4 | 75.3 | 84.6 | 94.8 |
| 600: Income Security | BA | 156.2 | 163.9 | 171.6 | 176.4 |
| | 0 | 119.6 | 124.1 | 130.6 | 135.2 |
| 650: Social Security | BA | 199.5 | 226.6 | 256.7 | 280.9 |
| | 0 | 199.5 | 211.6 | 226.3 | 241.7 |
| (On-Budget) | BA | 4.8 | 5.5 | 6.2 | 6.9 |
| | 0 | 8.1 | 5.5 | 6.2 | 6.9 |
| 700: Veterans Benefits and Services | BA | 27.3 | 27.6 | 28.2 | 28.5 |
| | 0 | 26.7 | 27.0 | 27.8 | 28.1 |
| 750: Administration of Justice | BA | 6.8 | 6.9 | 7.1 | 7.2 |
| | 0 | 6.8 | 7.0 | 7.1 | 7.3 |
| 800: General Government | BA | 6.0 | 5.7 | 5.9 | 5.9 |
| | 0 | 6.0 | 5.7 | 5.9 | 5.9 |

| | | | | | |
|---|---|---|---|---|---|
| 850: General Purpose Fiscal Assistance | BA | 5.5 | 6.6 | 6.6 | 6.7 |
| | O | 5.9 | 6.2 | 6.6 | 6.7 |
| 900: Net interest | BA | 138.7 | 145.1 | 154.6 | 157.9 |
| | O | 138.7 | 145.1 | 154.6 | 157.9 |
| (On-Budget) | BA | 142.9 | 149.6 | 160.8 | 166.5 |
| | O | 142.9 | 149.6 | 160.8 | 166.5 |
| 920: Allowances | BA | .................. | 1.0 | 3.0 | 5.1 |
| | O | .................. | 1.1 | 3.2 | 5.5 |
| 950: Undistributed Offsetting Receipts | BA | −34.2 | −35.9 | −39.8 | −41.1 |
| | O | −34.2 | −35.9 | −39.8 | −41.1 |
| (On-Budget) | BA | −31.3 | −32.7 | −36.0 | −36.8 |
| | O | −31.3 | −32.7 | −36.0 | −36.8 |
| Total Spending | BA | 1,061.6 | 1,121.3 | 1,200.9 | 1,266.0 |
| | O | 986.7 | 1,026.8 | 1,087.8 | 1,135.2 |
| Total Revenues | | 777.8 | 844.0 | 921.0 | 991.3 |
| Total Deficit | | 208.9 | 182.7 | 166.7 | 143.9 |
| On-budget spending | BA | 874.0 | 908.0 | 960.3 | 1,004.9 |
| | O | 802.3 | 828.5 | 877.6 | 913.3 |
| On-budget revenues | | 579.5 | 630.6 | 680.3 | 730.2 |
| On-budget deficit | | 222.8 | 197.7 | 197.3 | 183.1 |

## Summary Table 4

## SUMMARY OF CBO CREDIT BASELINE

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 050: National Defense | DL | 0.5 | .......... | .......... | .......... |
| | LG | .......... | .......... | .......... | .......... |
| 150: International Affairs | DL | 8.7 | 8.8 | 9.0 | 9.3 |
| | LG | 11.8 | 12.2 | 12.8 | 13.3 |
| | SLG | 0.2 | 0.3 | 0.3 | 0.3 |
| 270: Energy | DL | 2.1 | 2.1 | 2.2 | 2.2 |
| | LG | .......... | .......... | .......... | .......... |
| 300: Natural Resources and Environment | DL | 0.1 | 0.1 | 0.1 | 0.1 |
| | LG | .......... | .......... | .......... | .......... |
| 350: Agriculture | DL | 19.9 | 14.3 | 12.1 | 11.3 |
| | LG | 7.1 | 8.0 | 8.5 | 8.6 |
| 370: Commerce and Housing Credit | DL | 5.0 | 5.1 | 5.2 | 5.6 |
| | LG | 52.7 | 40.5 | 42.2 | 43.8 |
| | SLG | 55.0 | 57.2 | 59.6 | 62.0 |
| 400: Transportation | DL | 0.7 | 0.5 | 0.4 | 0.2 |
| | LG | 0.1 | 0.1 | 0.1 | 0.1 |

|  |  |  |  |  |  |
|---|---|---|---|---|---|
| 450: Community and Regional Development | DL | 1.4 | 1.7 | 2.3 | 2.2 |
|  | LG | 0.2 | 0.1 | 0.1 | 0.1 |
| 500: Education, Training, Employment, and Social Services | DL | 1.5 | 1.5 | 1.5 | 1.5 |
|  | LG | 10.0 | 10.5 | 10.7 | 10.9 |
| 550: Health | DL | ........ | ........ | ........ | ........ |
|  | LG | 0.4 | 0.3 | 0.3 | 0.3 |
| 600: Income Security | DL | 1.5 | 1.8 | 1.9 | 1.5 |
|  | LG | ........ | ........ | ........ | ........ |
| 700: Veterans Benefits and Services | DL | 1.5 | 1.5 | 1.4 | 1.3 |
|  | LG | 12.2 | 16.3 | 16.9 | 17.5 |
| Total | DL | 42.9 | 37.5 | 36.1 | 35.2 |
|  | LG | 94.4 | 88.1 | 91.6 | 94.7 |
|  | SLG | 55.2 | 57.5 | 59.9 | 62.3 |

## Summary Table 5

## SUMMARY OF PRESIDENT'S BUDGET REQUEST AS RE-ESTIMATED BY CBO

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 050: National Defense | BA | 286.8 | 320.2 | 341.3 | 362.9 |
| | 0 | 269.5 | 296.7 | 316.6 | 336.1 |
| 150: International Affairs | BA | 19.6 | 23.7 | 23.2 | 21.9 |
| | 0 | 17.1 | 16.5 | 17.5 | 17.7 |
| 250: General Science, Space, and Technology | BA | 8.8 | 9.5 | 10.0 | 11.0 |
| | 0 | 8.9 | 9.1 | 9.4 | 10.3 |
| 270: Energy | BA | −1.1 | 3.8 | 5.0 | 4.5 |
| | 0 | 4.2 | 4.4 | 4.1 | 3.4 |
| 300: Natural Resources and Environment | BA | 12.1 | 11.0 | 10.6 | 10.0 |
| | 0 | 12.7 | 12.1 | 11.9 | 11.8 |
| 350: Agriculture | BA | 31.6 | 23.2 | 25.4 | 23.6 |
| | 0 | 30.8 | 22.4 | 24.0 | 19.8 |
| 370: Commerce and Housing Credit | BA | 8.3 | 11.2 | 9.2 | 5.9 |
| | 0 | 3.8 | 3.0 | 4.1 | −1.2 |
| 400: Transportation | BA | 27.5 | 22.9 | 22.7 | 22.7 |
| | 0 | 27.4 | 25.6 | 24.4 | 24.0 |

| | | | | | |
|---|---|---|---|---|---|
| 450: Community and Regional Development | BA | 6.7 | 3.8 | 5.0 | 4.8 |
| | O | 8.0 | 6.3 | 5.5 | 4.8 |
| 500: Education, Training, Employment, and Social Services | BA | 28.6 | 27.2 | 26.7 | 26.0 |
| | O | 30.6 | 27.5 | 26.4 | 26.0 |
| 550: Health | BA | 35.4 | 35.4 | 36.7 | 38.4 |
| | O | 35.4 | 35.1 | 36.8 | 38.3 |
| 570: Medical Insurance | BA | 86.7 | 82.1 | 89.6 | 98.4 |
| | O | 68.4 | 70.6 | 76.9 | 84.5 |
| 600: Income Security | BA | 149.8 | 157.3 | 164.2 | 167.8 |
| | O | 118.0 | 119.4 | 123.6 | 126.9 |
| 650: Social Security | BA | 199.6 | 226.9 | 257.0 | 281.9 |
| | O | 199.6 | 211.6 | 226.2 | 241.5 |
| (On-Budget) | BA | 4.8 | 5.5 | 6.2 | 6.9 |
| | O | 8.1 | 5.5 | 6.2 | 6.9 |
| 700: Veterans Benefits and Services | BA | 27.3 | 26.7 | 27.3 | 27.3 |
| | O | 26.7 | 26.5 | 26.9 | 26.7 |
| 750: Administration of Justice | BA | 6.6 | 7.1 | 7.2 | 7.3 |
| | O | 6.8 | 7.1 | 7.2 | 7.3 |
| 800: General Government | BA | 6.3 | 6.3 | 6.4 | 6.4 |
| | O | 6.3 | 6.2 | 6.4 | 6.4 |
| 850: General Purpose Fiscal Assistance | BA | 4.7 | 1.8 | 1.8 | 1.9 |
| | O | 5.9 | 1.8 | 1.8 | 1.9 |

## Summary Table 5—Continued

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 900: Net Interest | BA | 139.8 | 144.8 | 152.8 | 153.4 |
| | O | 139.8 | 144.8 | 152.8 | 153.4 |
| (On-Budget) | BA | 144.0 | 149.4 | 159.0 | 162.0 |
| | | 144.0 | 149.4 | 159.0 | 162.0 |
| 920: Allowances | BA | .................. | 0.7 | 2.2 | 3.3 |
| | O | .................. | 0.7 | 2.3 | 3.5 |
| 950: Undistributed Offsetting Receipts | BA | −35.5 | −36.8 | −44.2 | −50.9 |
| | O | −35.5 | −36.8 | −44.2 | −50.9 |
| (On-Budget) | BA | −32.6 | −33.7 | −40.4 | −46.7 |
| | O | −32.6 | −33.7 | −40.4 | −46.7 |
| Total Spending | BA | 1,049.6 | 1,108.5 | 1,180.3 | 1,228.4 |
| | O | 984.3 | 1,010.3 | 1,060.7 | 1,092.1 |
| Total Revenues | | 778.7 | 849.9 | 928.1 | 999.9 |
| Total Deficit | | 205.5 | 160.4 | 132.6 | 92.2 |
| On-Budget Spending | BA | 862.0 | 894.8 | 939.3 | 966.2 |
| | O | 799.8 | 811.9 | 850.6 | 870.3 |
| On-Budget Revenues | | 580.4 | 636.3 | 687.1 | 737.8 |
| On-Budget Deficit | | 219.4 | 175.7 | 163.4 | 132.5 |

## Summary Table 6

## SUMMARY OF PRESIDENT'S BUDGET REQUEST FOR CREDIT AS RE-ESTIMATED BY CBO

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 050: National Defense | DL | 0.5 | | | |
| | LG | | | | |
| 150: International Affairs | DL | 8.7 | 10.0 | 10.1 | 10.2 |
| | LG | 11.8 | 10.4 | 10.4 | 10.2 |
| | SLG | 0.2 | | | |
| 270: Energy | DL | 2.4 | 0.9 | 0.6 | 0.4 |
| | LG | | | | |
| 300: Natural Resources and Environment | DL | 0.1 | (*) | (*) | (*) |
| | LG | | | | |
| 350: Agriculture | DL | 20.4 | 13.5 | 11.8 | 10.4 |
| | LG | 7.1 | 5.5 | 6.0 | 6.5 |
| 370: Commerce and Housing Credit | DL | 4.1 | 2.2 | 1.6 | 1.7 |
| | LG | 40.3 | 32.1 | 32.1 | 32.0 |
| | SLG | 55.0 | 55.0 | 55.0 | 55.0 |
| 400: Transportation | DL | 0.7 | 0.5 | 0.4 | 0.2 |
| | LG | 0.1 | | | |

## Summary Table 6—Continued

[In billions of dollars]

| Function | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| 450: Community and Regional Development | DL | 1.1 | 0.4 | 0.4 | 0.1 |
| | LG | 0.2 | (*) | (*) | (*) |
| 500: Education, Training, Employment, and Social Services | DL | 1.3 | 1.5 | 1.4 | 1.3 |
| | LG | 9.5 | 9.6 | 10.3 | 10.8 |
| 550: Health | DL | (*) | (*) | (*) | (*) |
| | LG | 0.4 | 0.1 | 0.1 | 0.1 |
| 600: Income Security | DL | 1.5 | 1.7 | 1.1 | 0.5 |
| | LG | | | | |
| 700: Veterans Benefits and Services | DL | 1.5 | 1.5 | 1.5 | 1.3 |
| | LG | 12.2 | 15.6 | 15.9 | 16.1 |
| Total | DL | 42.1 | 32.2 | 28.9 | 26.0 |
| | LG | 81.6 | 73.3 | 74.7 | 75.7 |
| | SLG | 55.2 | 55.0 | 55.0 | 55.0 |

*Less than $50 million.

## Summary Table 7

## SUMMARY OF SPENDING RECONCILIATION SAVINGS BY FUNCTION [1]

[In millions of dollars]

| Function | FY 1987 |  | FY 1988 |  | FY 1989 |  |
|---|---|---|---|---|---|---|
|  | BA | O | BA | O | BA | O |
| 050: National Defense | −16 | −200 | −73 | −204 | −123 | −213 |
| 150: International Affairs |  |  |  |  |  |  |
| 250: General Science, Space, and Technology |  |  |  |  |  |  |
| 270: Energy | −81 | −81 | 650 | 673 | −92 | −128 |
| 300: Natural Resources | −80 | −270 | −89 | −297 | −104 | −330 |
| 350: Agriculture | −70 | −70 | −230 | −230 | −290 | −290 |
| 370: Commerce and Housing Credit | −1,346 | −916 | −1,374 | −1,543 | −1,606 | −1,393 |
| 400: Transportation | −2,538 | 13 | −2,998 | −786 | −3,479 | −1,160 |
| 450: Community and Regional Development | −326 | −467 | −603 | −715 | −565 | −776 |
| 500: Education, Training, Employment, and Social Services | −230 | −495 | −480 | −592 | −612 | −611 |
| 550: Health |  | −542 |  | −667 |  | −1,282 |
| 570: Medicare |  | −2,382 |  | −4,050 |  | −5,750 |
| 600: Income Security |  | −297 |  | −46 |  | 337 |
| 650: Social Security |  |  |  |  |  |  |
| 700: Veterans Benefits and Services | −356 | −356 | −473 | −473 | −512 | −512 |
| 750: Administration of Justice |  |  |  |  |  |  |
| 800: General Government |  | −520 |  | −525 |  | −530 |
| 850: General Purpose Fiscal Assistance |  | −3,372 |  | −4,567 |  | −4,567 |
| 900: Net Interest |  |  |  |  |  |  |
| 920: Allowances |  | 843 |  | 2,275 |  | 2,840 |
| 950: Undistributed Offsetting Receipts | −364 | −3,364 | −2,360 | −8,460 | 0 | −7,500 |
| Total, reconciled spending | −5,197 | −11,626 | −7,985 | −19,513 | −6,603 | −19,805 |

## Summary Table 7—Continued

[In millions of dollars]

| Function | FY 1987 |  | FY 1988 |  | FY 1989 |  |
|---|---|---|---|---|---|---|
|  | BA | 0 | BA | 0 | BA | 0 |
| Contributions: |  |  |  |  |  |  |
| 270: Energy |  | +43 |  | +158 |  | +164 |
| 600: Income Security |  | +900 |  | +700 |  | +500 |
| Total, reconciled contributions |  | +943 |  | +858 |  | +664 |

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[1] Savings exclude spending offsets and outyear increases.

## Summary Table 8

## SUMMARY OF CREDIT RECONCILIATION SAVINGS BY FUNCTION [1]

[In millions of dollars]

| Function | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DL | LG |
| 370: Commerce and Housing Credit | −489 | .......... | −669 | .......... | −699 | .......... |
| 450: Community and Regional Development | −516 | .......... | −822 | .......... | −856 | .......... |
| 500: Education, Training, Employment, and Social Services | −41 | −235 | −60 | −15 | −139 | .......... |
| Total credit reconciliation | −1,046 | −235 | −1,551 | −15 | −1,694 | .......... |

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[1] Savings exclude outyear increases.

## Summary Table 9

## SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1987

[In millions of dollars]

| Committees | Direct spending jurisdiction | | Entitlements funded in annual appropriation acts | |
|---|---|---|---|---|
| | Budget authority | Outlay | Budget authority | Outlay |
| Appropriations | 563,607 | 572,294 | | |
| Agriculture, Nutrition, Forestry | 18,756 | 18,630 | 148 | 148 |
| Armed Services | 44,619 | 29,566 | 156 | 154 |
| Banking, Housing, and Urban Affairs | 4,460 | −1,740 | | |
| Commerce, Science, and Transportation | 642 | −959 | 373 | 371 |
| Energy and Natural Resources | 35 | −137 | 95 | 94 |
| Environment and Public Works | 13,831 | 1,075 | 6 | 6 |
| Finance | 566,767 | 527,856 | 50,243 | 50,262 |
| Foreign Relations | 11,532 | 9,216 | | |
| Governmental Affairs | 60,051 | 39,104 | | |
| Judiciary | 552 | 479 | 104 | 104 |
| Labor and Human Resources | 3,518 | 2,567 | 5,370 | 5,450 |
| Rules and Administration | 46 | 28 | | |
| Small Business | −80 | −90 | | |
| Veterans' Affairs | 1,367 | 1,067 | 15,254 | 15,296 |
| Select Indian Affairs | 498 | 431 | | |
| Not allocated to committees | −192,902 | −192,786 | −278 | −278 |
| Total, budget | 1,097,300 | 1,006,600 | 71,749 | 71,887 |

## Summary Table 10

## SENATE COMMITTEE CREDIT AUTHORITY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1987

[In millions of dollars]

| Committees | Direct loans | Primary loan guarantees | Secondary loan guarantees |
|---|---|---|---|
| Appropriations | 20,516 | 53,594 | 55,234 |
| Agriculture, Nutrition, Forestry | 12,022 | 5,499 | |
| Armed Services | | | |
| Banking, Housing, and Urban Affairs | 613 | 350 | |
| Commerce, Science, and Transportation | 420 | 70 | |
| Energy and Natural Resources | | | |
| Environment and Public Works | 205 | | |
| Finance | 3 | | |
| Foreign Relations | | | |
| Governmental Affairs | | | |

## Summary Table 10—Continued

[In millions of dollars]

| Committees | Direct loans | Primary loan guarantees | Secondary loan guarantees |
|---|---|---|---|
| Judiciary | | | |
| Labor and Human Resources | | 10,585 | |
| Rules and Administration | | | |
| Small Business | | | |
| Veterans' Affairs | 943 | 16,312 | |
| Select Indian Affairs | | | |
| Not allocated to committees | −22 | −10 | −34 |
| Total, budget | 34,700 | 86,400 | 55,200 |

## Summary Table 11

## HISTORICAL OUTLAYS

[In billions of dollars]

| Function | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
|---|---|---|---|---|---|---|
| 050: National Defense | 134.0 | 157.5 | 185.3 | 209.9 | 227.4 | 252.7 |
| 150: International Affairs | 12.7 | 13.1 | 12.3 | 11.8 | 15.9 | 16.2 |
| 250: General Science, Space, and Technology | 5.8 | 6.5 | 7.2 | 7.9 | 8.3 | 8.6 |
| 270: Energy | 10.2 | 15.2 | 13.5 | 9.4 | 7.1 | 5.7 |
| 300: Natural Resources and Environment | 13.9 | 13.6 | 13.0 | 12.7 | 12.6 | 13.4 |
| 350: Agriculture | 8.8 | 11.3 | 15.9 | 22.9 | 13.6 | 25.6 |
| 370: Commerce and Housing Credit | 9.4 | 8.2 | 6.3 | 6.7 | 6.9 | 4.2 |
| 400: Transportation | 21.3 | 23.4 | 20.6 | 21.3 | 23.7 | 25.8 |
| 450: Community and Regional Development | 11.3 | 10.6 | 8.3 | 7.6 | 7.7 | 7.7 |
| 500: Education, Training, Employment, and Social Services | 31.8 | 33.7 | 27.0 | 26.6 | 27.6 | 29.3 |
| 550: Health | 23.2 | 26.9 | 27.4 | 28.6 | 30.4 | 33.5 |
| 570: Medicare | 32.1 | 39.1 | 46.6 | 52.6 | 57.5 | 65.8 |
| 600: Income Security | 86.5 | 99.7 | 107.7 | 122.6 | 112.7 | 128.2 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 650: Social Security | 118.5 | 139.6 | 156.0 | 170.7 | 178.2 | 188.6 |
| 700: Veterans Benefits and Services | 21.2 | 23.0 | 24.0 | 24.8 | 25.6 | 26.4 |
| 750: Administration of Justice | 4.6 | 4.8 | 4.7 | 5.1 | 5.7 | 6.3 |
| 800: General Government | 4.4 | 4.6 | 4.5 | 4.8 | 5.1 | 5.2 |
| 850: General Purpose Fiscal Assistance | 8.6 | 6.9 | 6.4 | 6.5 | 6.8 | 6.4 |
| 900: Net Interest | 52.5 | 68.7 | 85.0 | 89.8 | 111.1 | 129.4 |
| 950: Undistributed Offsetting Receipts | −19.9 | −28.0 | −26.1 | −34.0 | −32.0 | −32.8 |
| Total | 590.9 | 678.2 | 745.7 | 808.3 | 851.8 | 946.3 |

## Summary Table 12

## SUMMARY OF FEDERAL AID TO STATE AND LOCAL GOVERNMENTS IN COMMITTEE RECOMMENDATION

[In billions of dollars]

| Function | | Recommendation | | | |
|---|---|---|---|---|---|
| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
| 050: National Defense | BA | 0.1 | 0.1 | 0.2 | 0.2 |
| | O | 0.2 | 0.1 | 0.2 | 0.2 |
| 270: Energy | BA | 0.3 | 0.1 | 0.2 | 0.2 |
| | O | 0.6 | 0.5 | 0.4 | 0.4 |
| 300: Natural Resources and Environment | BA | 3.6 | 3.8 | 3.8 | 3.8 |
| | O | 3.9 | 3.9 | 3.7 | 3.9 |
| 350: Agriculture | BA | 2.0 | 1.7 | 1.6 | 1.3 |
| | O | 2.0 | 1.7 | 1.7 | 1.3 |
| 400: Transportation | BA | 18.1 | 16.9 | 16.9 | 17.0 |
| | O | 18.3 | 18.2 | 17.2 | 17.3 |
| 450: Community and Regional Development | BA | 4.0 | 4.0 | 4.1 | 4.1 |
| | O | 5.2 | 4.8 | 4.5 | 4.3 |
| 500: Education, Training, Employment | BA | 18.1 | 18.5 | 18.4 | 18.6 |
| | O | 18.4 | 18.4 | 18.6 | 18.5 |
| 550: Health | BA | 26.1 | 27.6 | 29.3 | 31.1 |
| | O | 26.2 | 27.6 | 29.4 | 31.1 |

| | | | | | |
|---|---|---|---|---|---|
| 600: Income Security | BA | 31.7 | 29.3 | 30.4 | 31.4 |
| | O | 27.6 | 26.9 | 28.1 | 30.0 |
| 700: Veterans Benefits and Services | BA | 0.1 | 0.1 | 0.1 | 0.1 |
| | O | 0.1 | 0.1 | 0.1 | 0.1 |
| 750: Administration of Justice | BA | 0.2 | 0.3 | 0.3 | 0.2 |
| | O | 0.2 | 0.2 | 0.2 | 0.2 |
| 800: General Government | BA | 0.1 | 0.1 | 0.1 | 0.1 |
| | O | 0.2 | 0.1 | 0.1 | 0.1 |
| 850: General Purpose Fiscal Assistance | BA | 5.9 | 2.0 | 2.0 | 2.1 |
| | O | 6.3 | 2.8 | 2.0 | 2.1 |
| Total | BA | 110.2 | 104.5 | 107.4 | 110.2 |
| | O | 109.0 | 105.5 | 106.3 | 109.6 |

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* Less than $50 million.

## Function 050: NATIONAL DEFENSE

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Protect America's people, its institutions, and its lands from foreign aggression.

—Improve the current overall military balance between the United States and its allies, and the Soviet Union and its allies.

—Deter a nuclear attack on the United States, or its forces, or on other nations whose security is important to us, and assure that should deterrence fail, the United States can respond to the threat at all levels of conflict including inflicting unacceptable damage in retaliation to the aggressor.

—Maintain, with our allies, sufficient military power to counter aggression anywhere in the world.

—Seek equitable and verifiable international agreements to limit and reduce all armaments, to prevent proliferation of nuclear weapons technology, to settle disputes by peaceful means, and to strengthen international stability.

### FUNCTION 050 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | [1] 291.0 | 300.9 | 314.7 | 329.5 |
| | O | 269.5 | 284.0 | 296.4 | 310.9 |
| Committee recommendation | BA | [1] 291.0 | 295.1 | 309.0 | 323.6 |
| | O | 269.5 | 280.0 | 290.5 | 303.0 |

[1] This figure reflects CBO's FY 1986 program level for this function. The figure includes FY 1986 new budget authority of $286.8 billion plus adjustments to include certain mandatory items funded by unobligated balances pursuant to the Continuing Resolution, P.L. 99–190.

## FUNCTION 050 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 0.5 | | | |
| | LG | | | | |
| Committee recommendation | DL | 0.5 | | | |
| | LG | | | | |

### COMMITTEE RECOMMENDATION

The Committee recommends $295.1 billion in budget authority and $280.0 billion in outlays for this function in FY 1987. Baseline amounts are assumed for FY 1986.

It is the intention of the Committee that the FY 1987 funding target of $295.1 billion for defense provide a full adjustment for inflation over the FY 1986 program. The FY 1987 target is $8.3 billion higher than the FY 1986 appropriated level of $286.8 billion. It is assumed that any remaining funds necessary to fully adjust for inflation will be made up through lower fuel prices and other savings.

CBO has calculated "zero real growth" at $300.9 billion. The main difference between the Committee funding level and the CBO calculation results from CBO's decision to include in its FY 1987 level $4.8 billion in transfers from prior-year appropriations. These funds were not reappropriated and therefore the Committee did not include the transferred funds in its estimate of the FY 1987 funding target.

The Committee considers it likely that savings from prior year unobligated balances will be made available for transfer again in FY 1987. Over the past 4 years more than $28 billion, or an average of $7 billion a year, in savings have resulted from reduced inflation, lower fuel costs, management efficiencies, and lower contract bids. The Committee notes that the Department of Defense has made these savings and encourages continued efficiency.

The Committee's recommendation also assumes the continuation of funds for the Congressionally initiated modernization of the National Guard and Reserves.

### EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendations, described above.

## FUNCTION 050 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Armed Services:** | | | | | | |
| Third-party reimbursement | −16 | −16 | −73 | −73 | −123 | −123 |
| **Governmental Affairs:** | | | | | | |
| Civil service retirement reform | | 125 | | 205 | | 265 |
| Civilian pay raises/3-month delay | | −309 | | −336 | | −355 |
| Total, function 050 | −16 | −200 | −73 | −204 | −123 | −213 |

## FUNCTION 050 HISTORICAL BUDGET AUTHORITY DATA

[In billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Military personnel | 41.1 | 48.5 | 55.7 | 61.1 | 64.9 | 67.8 |
| Operation and maintenance | 46.4 | 55.5 | 62.5 | 66.5 | 71.0 | 77.8 |
| Procurement | 35.3 | 48.0 | 64.5 | 80.4 | 86.2 | 96.8 |
| Research and development | 13.6 | 16.6 | 20.1 | 22.8 | 26.9 | 31.3 |
| Atomic energy defense activities | 3.0 | 3.7 | 4.7 | 5.7 | 6.6 | 7.3 |
| All other | 4.5 | 7.7 | 9.0 | 8.5 | 9.6 | 13.7 |
| Total function | 143.9 | 180.0 | 216.5 | 245.0 | 265.2 | 294.7 |
| Nominal growth (percent) | 14 | 25 | 20 | 13 | 8 | 11 |
| Real growth (percent) | 2 | 11 | 12 | 9 | 5 | 7 |

## FUNCTION 050 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Military personnel | 40.9 | 47.9 | 55.2 | 60.9 | 64.2 | 67.8 |
| Operation and maintenance | 44.8 | 51.9 | 59.7 | 64.9 | 67.4 | 72.3 |
| Procurement | 29.0 | 35.2 | 43.3 | 53.6 | 61.9 | 70.4 |
| Research and development | 13.1 | 15.3 | 17.7 | 20.6 | 23.1 | 27.1 |

## FUNCTION 050 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Atomic energy defense activities | 2.9 | 3.4 | 4.3 | 5.2 | 6.1 | 7.1 |
| All other | 3.3 | 3.8 | 5.1 | 4.7 | 4.7 | 8.0 |
| Total function | 134.0 | 157.5 | 185.3 | 209.9 | 227.4 | 252.7 |
| Nominal growth (percent) | 15 | 18 | 18 | 13 | 8 | 11 |
| Real growth (percent) | 3 | 6 | 10 | 9 | 5 | 7 |

## Function 150: INTERNATIONAL AFFAIRS

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Support the security and economic and political stability of allies and friendly governments.

—Assist our domestic economy by strengthening international economic institutions and promoting trade.

—Promote a stable international environment that will reduce conflicts, encourage worldwide economic progress, and bring greater respect for human rights.

—Advance American foreign policy through diplomacy and improved communication between the United States and other nations.

—Support the long-term development of poor countries.

### FUNCTION 150 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| **Baseline** | BA | 18.9 | 20.2 | 20.8 | 24.4 |
| | O | 17.1 | 15.3 | 15.8 | 15.8 |
| **Committee recommendation** | BA | 18.9 | 18.3 | 18.1 | 17.3 |
| | O | 17.1 | 14.4 | 14.2 | 13.6 |

### FUNCTION 150 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| **Baseline** | DL | 8.7 | 8.8 | 9.0 | 9.3 |
| | LG | 11.8 | 12.2 | 12.8 | 13.3 |
| | SLG | 0.2 | 0.3 | 0.3 | 0.3 |
| **Committee recommendation** | DL | 8.7 | 7.4 | 7.5 | 7.7 |
| | LG | 11.8 | 11.7 | 11.7 | 11.7 |
| | SLG | 0.2 | 0.2 | 0.2 | 0.2 |

## COMMITTEE RECOMMENDATION

The Committee recommends $18.3 billion in budget authority and $14.4 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester.

Almost 80 percent of this function is foreign aid, mostly tied to formal or implicit agreements with other nations: the Camp David Peace Accords, base access agreements, the National Bipartisan Commission on Central America, and multiyear replenishments of various multilateral development banks. Since 1979, outlays for foreign aid have doubled.

The remaining 20 percent of this function consists of other international activities, among which are the conduct of foreign affairs, foreign broadcasting and exchange activities, and export financing. Although Export-Import Bank loans were reduced significantly last year, outlays for the other activities have grown over 85 percent since 1979.

The Committee's recommendation assumes the fiscal years 1987-89 program level for the discretionary appropriated accounts are set at the FY 1986 level. In addition, Committee assumptions include funding to enhance State Department security, but at a slower pace than recommended by the State Department. The Committee assumes a 15-percent increase in State Department salaries and expenses in order to hire additional security personnel. It also assumes a 65-percent increase in the appropriation for foreign buildings.

The Committee also assumes an overall 11 percent reduction in funding for foreign aid. Committees of jurisdiction could choose to consolidate and reduce less effective economic and military assistance programs, particularly those with large unobligated or unexpended balances, to achieve these savings. Flexible utilization of backlogged funds, reforms in existing foreign military sales practices, and limits on eligibility for balance of payments support could yield the required savings without prejudice to current national priorities.

The Committee assumes reduced funding for foreign information and exchange activities to a level 10 percent below a freeze. These programs, including construction projects for Voice of America, have grown faster than most other international programs during the past 5 years.

No change is assumed from the current budget authority level for export financing. The Committee's recommendation could accommodate a $1.1 billion FY 1987 Export-Import Bank direct loan program. If the Export-Import Bank direct loan program were reduced sufficiently, there would be room for new export financing initiatives, such as a mixed credit "war chest" or an interest rate buy-down program.

### EXPLANATION OF RECONCILIATION DECISIONS

There are no reconciliation instructions in this function.

### FUNCTION 150 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| **Foreign economic and financial assistance** | 3.6 | 4.1 | 3.8 | 4.0 | 4.5 | 5.4 |
| **International security assistance** | 4.8 | 5.1 | 5.4 | 6.6 | 7.9 | 9.4 |
| **Conduct of foreign affairs** | 1.4 | 1.3 | 1.6 | 1.8 | 1.9 | 2.1 |
| **Foreign information and exchange activities** | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 0.8 |
| **Export-Import Bank** | 1.8 | 2.1 | 1.2 | 0.6 | 1.1 | −0.4 |
| **Other international financial programs** | 0.6 | −0.1 | −0.3 | −1.7 | −0.2 | −1.1 |
| **Total function** | 12.7 | 13.1 | 12.3 | 11.8 | 15.9 | 16.2 |
| **Nominal growth (percent)** | 70 | 3 | −6 | −4 | 34 | 2 |
| **Real growth (percent)** | 57 | −6 | −12 | −7 | 29 | −1 |

## Function 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

### Major National Needs Addressed by the Function

—Expand scientific knowledge through support of basic research in all fields of science.

—Explore space to develop a greater understanding of the Earth, solar system, and universe.

—Develop practical, economic, and productive applications of space technology.

**FUNCTION 250 SPENDING PROJECTIONS**

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 8.8 | 9.3 | 9.7 | 10.2 |
| | O | 8.9 | 9.1 | 9.4 | 9.9 |
| Committee recommendation | BA | 8.8 | 10.0 | 10.1 | 10.6 |
| | O | 8.9 | 9.6 | 9.9 | 10.1 |

### Committee Recommendation

The Committee recommends $10.0 billion in budget authority and $9.6 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester.

The Committee generally assumes that the FY 1987 through FY 1989 program levels for the discretionary appropriated accounts in this function remain at the FY 1986 post-sequester level. In this function, this means that in general all programs are frozen at the FY 1986 post-sequester level, except for those discussed below.

In order to respond to the loss of the space shuttle *Challenger*, it is the intention of the Committee that up to $976 million, already included in the resolution totals, may be made available for a replacement orbiter, attendant costs for accident investigation, subsequent modification of the space transportation system, and other costs resulting from the *Challenger* accident. The allocation made pursuant to section 302 of the Congressional Budget Act to the Senate Committee on Appropriations contained in this Report assumes no funding specifically for this purpose. In the event of a request from the President and the enactment of legislation authorizing acquisition of a replacement shuttle and associated costs, an additional allocation equal to the measure, but in any event no higher than $976 million in budget authority and $703 million in outlays for fiscal year 1987, will be made to the Senate Committee on Appropriations at the time such an authorization measure is enacted into law.

The recommendation assumes additional resources for the National Science Foundation, in FY 1987 through FY 1989, to increase support for basic research activities. Also, beginning in FY 1988, the recommendation assumes additional funding beyond the baseline for the development costs of the space station.

## EXPLANATION OF RECONCILIATION DECISIONS

There are no reconciliation instructions in this function.

### FUNCTION 250 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Science | 1.4 | 1.5 | 1.6 | 1.6 | 1.8 | 2.0 |
| Space flight | 2.6 | 3.1 | 3.5 | 4.1 | 4.0 | 4.0 |
| Other space activities | 1.8 | 1.9 | 2.1 | 2.2 | 2.5 | 2.6 |
| Total function | 5.8 | 6.5 | 7.2 | 7.9 | 8.3 | 8.6 |
| Nominal growth (percent) | 11 | 11 | 11 | 10 | 5 | 4 |
| Real growth (percent) | 2 | 1 | 4 | 6 | 1 | 0 |

## Function 270: ENERGY

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Promote energy production and conservation through pricing policies that reflect the real cost of energy.

—Protect the Nation from being harmed by disruptions in energy supplies.

—Through long-term research and development, develop sources of energy to sustain long-term economic growth.

—Insure the safe use of energy.

### FUNCTION 270 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | −1.1 | 5.3 | 5.7 | 6.0 |
| | O | 4.2 | 5.3 | 5.3 | 5.3 |
| Committee recommendation | BA | −1.1 | 4.9 | 5.7 | 5.5 |
| | O | 4.2 | 5.0 | 5.4 | 4.9 |

### FUNCTION 270 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 2.1 | 2.1 | 2.2 | 2.2 |
| | LG | | | | |
| Committee recommendation | DL | 2.1 | 2.0 | 2.0 | 2.0 |
| | LG | | | | |

### COMMITTEE RECOMMENDATION

The Committee recommends $4.9 billion budget authority and $5.0 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which includes the effects of the March 1 sequester. The FY 1986 totals also assume the enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final action when the Committee reported this resolution.

The Committee generally assumes the fiscal year 1987–89 program level for the discretionary appropriated accounts and loan obligations in this function are set at the FY 1986 level. In this function, this means that all discretionary programs are frozen except for those discussed below.

The Committee recommends the sale of the naval petroleum reserve. The receipts resulting from the sale appear in function 950, Undistributed Offsetting Receipts.

The Committee has adopted a Budget Resolution baseline which does not assume the proposed re-deferral of the $156.8 million for the strategic petroleum reserve (SPR) construction account. This re-deferral was proposed by the President in February. However, the Comptroller General of the General Accounting Office has determined that this re-deferral does not comply with the Congressional Budget and Impoundment Control Act of 1974 and has notified the Congress that, if the Department of Energy fails to release these funds, the G.A.O. will file suit in the Federal District Court for the D.C. Circuit to seek their release at the end of the statutory 25-day notification period.

The Committee recommends reductions in strategic petroleum reserve obligations in order to achieve $50 million in outlay savings in FY 1987.

The Committee recommends the adoption of the provisions in the Consolidated Omnibus Budget Reconciliation Act of 1985 for the recovery of the Federal investment in the uranium enrichment program and the increase in Nuclear Regulatory Commission fees.

The Committee assumes that the federal government would recoup a portion of petroleum overcharge payments. These funds would be reserved to help fund energy conservation grant programs and allocated to the Appropriations Committee upon enactment of the anticipated legislation. If the recoupment is found unconstitutional the reserve funds would be made available to maintain funding in the program.

### EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

## FUNCTION 270 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Armed Services:** | | | | | | |
| Sell the Naval Petroleum Reserve | | | 737 | 781 | 673 | 683 |
| **Energy and Natural Resources:** | | | | | | |
| Uranium supply and enrichment activities | | | | −21 | | −35 |
| **Environment and Public Works:** | | | | | | |
| Nuclear Regulatory Commission fees | −81 | −81 | −87 | −87 | −92 | −92 |
| Deduction to eliminate double-counting | | | −737 | −781 | −673 | −683 |
| Total, function 270 | −81 | −81 | 650 | 673 | −92 | −128 |
| **Energy and Natural Resources:** | | | | | | |
| Contributions: | | | | | | |
| Recoup oil overcharge payments | | +43 | | +158 | | +164 |

## FUNCTION 270 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Energy supply | 4.7 | 4.5 | 3.4 | 3.4 | 2.6 | 1.1 |
| TVA | 2.4 | 2.0 | 1.6 | 0.9 | 0.3 | 0.9 |
| REA | 3.2 | 4.7 | 4.5 | 3.0 | 2.0 | 1.5 |
| Naval petroleum reserve receipts | −1.9 | −1.0 | −1.3 | −1.2 | −1.6 | −0.8 |
| Energy conservation | 0.6 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 |
| Strategic petroleum reserve | 0.3 | 3.3 | 3.9 | 1.9 | 2.5 | 1.8 |
| Energy information, policy, and regulation | 0.9 | 1.0 | 0.9 | 0.9 | 0.8 | 0.7 |
| Total function | 10.2 | 15.2 | 13.5 | 9.4 | 7.1 | 5.7 |
| Nominal growth (percent) | 11 | 49 | −11 | −31 | −24 | −20 |
| Real growth (percent) | 2 | 36 | −17 | −33 | −27 | −23 |

## Function 300: NATURAL RESOURCES AND ENVIRONMENT

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Protect the public health and the environment with special emphasis on abating pollution of the land, air, and water.

—Provide for balanced conservation and development of public land, water, timber, minerals, and other natural resources.

—Preserve natural areas, fish, and wildlife.

—Improve our knowledge and understanding of the Earth's structure, atmosphere, environment, and resources.

### FUNCTION 300 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 12.6 | 13.0 | 13.3 | 13.7 |
| | O | 12.7 | 13.1 | 13.1 | 13.5 |
| Committee recommendation | BA | 12.6 | 12.5 | 12.6 | 12.4 |
| | O | 12.8 | 12.6 | 12.6 | 12.7 |

### FUNCTION 300 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 0.1 | 0.1 | 0.1 | 0.1 |
| | LG | | | | |
| Committee recommendation | DL | 0.1 | 0.1 | 0.1 | 0.1 |
| | LG | | | | |

### COMMITTEE RECOMMENDATION

The Committee recommends $12.5 billion in budget authority and $12.6 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The recommendation generally assumes the fiscal year 1987-89 program level for the discretionary appropriated accounts and loan obligations in this function are set at the FY 1986 level. In this function, this means that all discretionary programs are frozen except for those discussed below.

The Committee recommends a 39-percent increase above the FY 1986 BA level provided for the Environmental Protection Agency's superfund program in FY 1987. This recommendation would provide $1.2 billion in BA for superfund in FY 1987. The $1.5 billion funding levels provided in S. 51 are assumed for FY 1988 and FY 1989.

The Committee recommends new or increased recreation user fees at National Park Service and U.S. Forest Service recreation facilities.

The Committee recommendation adopts the new navigation user fees that are proposed in S. 1567, the Water Resources Development Act.

The Committee recommendation adopts the increase in fees for National Oceanic and Atmospheric Administration (NOAA) maps as provided for in the Consolidated Omnibus Budget Reconciliation Act.

The Committee recommends a decrease in the U.S. Geological Survey's (USGS) budget through increased cost recovery proposals.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 300 RECONCILIATION

[In millions of dollars]

| Committee program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Agriculture, Nutrition, and Forestry:** | | | | | | |
| Forest Service fees | −10 | −10 | −12 | −12 | −17 | −17 |
| **Commerce, Science, and Transportation:** | | | | | | |
| National Oceanic and Atmospheric Administration map and chart fees | −20 | −20 | −24 | −24 | −24 | −24 |

## FUNCTION 300 RECONCILIATION—Continued

[In millions of dollars]

| Committee program | FY 1987 |  | FY 1988 |  | FY 1989 |  |
|---|---|---|---|---|---|---|
|  | BA | O | BA | O | BA | O |
| **Energy and Natural Resources:** |  |  |  |  |  |  |
| U.S. Geological Survey | −25 | −25 | −25 | −25 | −25 | −25 |
| Forest Service fees | −10 | −10 | −12 | −12 | −17 | −17 |
| National Park Service fees | −25 | −25 | −28 | −28 | −38 | −38 |
| **Finance:** |  |  |  |  |  |  |
| Navigation user fees |  | −190 |  | −208 |  | −226 |
| Subtotal | −90 | −280 | −101 | −309 | −121 | −347 |
| Deduction to eliminate double-counting | 10 | 10 | 12 | 12 | 17 | 17 |
| Total, function 300 | −80 | −270 | −89 | −297 | −104 | −330 |

## FUNCTION 300 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual |  |  |  |  |  |
|---|---|---|---|---|---|---|
|  | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Water resources | 4.2 | 4.1 | 4.0 | 3.9 | 4.1 | 4.1 |
| Public lands management | 1.8 | 2.1 | 2.0 | 2.0 | 1.9 | 2.0 |
| Land acquisition | 0.6 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| Management of recreational and wildlife resources | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 |
| EPA construction grants | 4.3 | 3.9 | 3.8 | 3.0 | 2.6 | 2.9 |
| EPA research and regulatory programs | 1.2 | 1.3 | 1.2 | 1.1 | 1.1 | 1.2 |
| Superfund |  |  | 0.1 | 0.1 | 0.3 | 0.4 |
| NOAA | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 |
| Other programs and receipts |  | −0.2 | −0.4 | 0.2 |  | 0.2 |
| Total function | 13.9 | 13.6 | 13.0 | 12.7 | 12.6 | 13.4 |
| Nominal growth (percent) | 14 | −2 | −4 | −3 | −1 | 6 |
| Real growth (percent) | 5 | −11 | −11 | −6 | −4 | 2 |

## Function 350: AGRICULTURE

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

--Assure sufficient agricultural production to meet domestic needs and export demands.

—Provide an adequate return to farmers.

—Ensure food price stability.

—Increase farm production and income through the conduct and application of research.

—Improve the efficiency and reliability of domestic and export agricultural marketing systems.

### FUNCTION 350 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 31.6 | 23.9 | 26.5 | 25.6 |
| | O | 30.8 | 23.7 | 25.2 | 21.9 |
| Committee recommendation | BA | 31.6 | 23.8 | 26.1 | 25.3 |
| | O | 30.8 | 23.5 | 24.9 | 21.6 |

### FUNCTION 350 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 19.9 | 14.3 | 12.1 | 11.3 |
| | LG | 7.1 | 8.0 | 8.5 | 8.5 |
| Committee recommendation | DL | 19.9 | 14.3 | 12.1 | 11.3 |
| | LG | 7.1 | 8.0 | 8.5 | 8.5 |

## COMMITTEE RECOMMENDATION

The Committee recommends $23.8 billion in budget authority and $23.5 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

In keeping with the Committee's assumption of a 3-year freeze on discretionary programs, the discretionary appropriated accounts in this function remain at their FY 1986 level in FY 1987 through FY 1989.

The Committee recommends that savings resulting from recent Congressional actions be taken into account. The Committee assumes budget authority and outlay savings obtained in the tobacco program modifications of the 1985 reconciliation bill. The Committee also assumes savings resulting from enactment of the Food Security Improvements Act of 1986.

The Committee recognizes the current financial stress in our agricultural economy. It has, therefore, assumed an increase in budget authority of $150 million and an increase in outlays of $130 million for FY 1987. The Committee assumed an increase of $150 million in FY 1988 and FY 1989 for farm credit.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconcilation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 350 RECONCILIATION

[In millions of dollars]

| Committee program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Agriculture, Nutrition, and Forestry:** | | | | | | |
| Tobacco program improvements | −70 | −70 | −230 | −230 | −290 | −290 |

## FUNCTION 350 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| CCC farm price supports | 2.7 | 4.0 | 11.7 | 18.8 | 7.4 | 17.7 |
| Other farm income stabilization programs | 4.7 | 5.8 | 2.6 | 2.5 | 4.5 | 6.1 |
| Agricultural research and services | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 |
| Total function | 8.8 | 11.3 | 15.9 | 22.9 | 13.6 | 25.6 |
| Nominal growth (percent) | −21 | 28 | 41 | 44 | −41 | 88 |
| Real growth (percent) | −28 | 17 | 31 | 38 | −43 | 81 |

## Function 370: COMMERCE AND HOUSING CREDIT

### Major National Needs Addressed by the Function

—Ensure that an adequate supply of mortgage credit is available nationally.

—Enhance the safety and soundness of the Nation's depository institutions.

—Maintain effective mail service at reasonable rates financed by user charges.

—Support an environment for fair and equitable business opportunities.

### FUNCTION 370 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| **Baseline** | BA | 9.9 | 10.9 | 11.3 | 9.4 |
| | O | 4.1 | 4.7 | 7.1 | 3.1 |
| **Committee recommendation** | BA | 9.8 | 10.0 | 10.5 | 7.5 |
| | O | 4.0 | 4.3 | 6.3 | 1.4 |

### FUNCTION 370 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| **Baseline** | DL | 5.0 | 5.1 | 5.2 | 5.6 |
| | LG | 52.7 | 40.5 | 42.2 | 43.8 |
| | SLG | 55.0 | 57.2 | 59.6 | 62.0 |
| **Committee recommendation** | DL | 5.0 | 4.5 | 4.3 | 4.5 |
| | LG | 52.7 | 39.4 | 40.0 | 39.5 |
| | SLG | 55.0 | 55.0 | 55.0 | 55.0 |

### COMMITTEE RECOMMENDATION

The Committee recommends $10.0 billion in budget authority and $4.3 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconcilation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

Starting in FY 1987, the Committee generally assumes that the discretionary appropriated accounts in this function will remain at the FY 1986 level. In this function, this means that most programs are frozen for 3 years at the FY 1986 level, except for those discussed below.

The Committee assumes no reduction in program levels for Farmers Home Administration rural housing below the freeze. It does, however, assume $1.5 billion in outlay reductions over 3 years as a result of two loan sale proposals.

First, the Committee assumes the Administration's proposal to sell $100 million in rural housing loans each year from the FmHA portfolio. Second, it assumes that new loans will be sold to the public under the terms of the 1985 reconciliation bill.

For the business assistance programs of the Small Business Administration, the Committee started with the proposals of the Small Business Committee. The resolution does not assume the transfer of SBA to the Commerce Department or the elimination of its business loan program.

The Committee assumes the continuation of SBA direct loans for minorities, veterans, and the handicapped at the FY 1986 level of $97 million. It also assumes financing reforms for small business investment companies and Section 503 development companies, similar to those agreed to in the 1985 reconciliation bill.

In addition, the Committee assumes a 20-percent reduction in salaries and expenses and that SBA's loan guarantee program would become self-supporting starting in FY 1987. This means that program income would have to cover administrative and default expenses on loans guaranteed after this year.

The Committee assumes that the goal of a self-financing program could be achieved through steps such as raising fees, delegating more responsiblity to lenders, tightening underwriting standards, and reducing the amount of government liability on each loan guaranteed. The Committee makes no assumption that would preclude the financing of guarantee fees.

The Committee also assumes the sale of $200 million a year in SBA business loans, in keeping with the administration's proposal to test loan sales as a portfolio management device.

The Committee assumes no reduction in postal subsidies beyond the freeze. The Postal Service would be required to increase contributions for the retirement benefits of its employees, which causes outlays in this function to increase. However, this increase is more than offset by savings elsewhere in the budget.

Finally, the Committee assumes the enactment of two reconciliation provisions affecting the Federal Communications Commission and trade adjustment assistance to firms. Together, these changes would reduce outlays by $100 million over 3 years.

### Explanation of Reconciliation Decisions

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 370 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Banking, Housing, and Urban Affairs:** | | | | | | |
| Rural housing insurance fund | −794 | −394 | −722 | −948 | −634 | −511 |
| **Commerce, Science, and Transportation:** | | | | | | |
| Federal Communications Commission fees | −30 | −30 | −36 | −36 | −35 | −35 |
| **Small Business:** | | | | | | |
| SBA business loans | −522 | −492 | −616 | −559 | −937 | −847 |
| Total, function 370 | −1,346 | −721 | −1,374 | −1,550 | −1,606 | −1,393 |

### CREDIT RECONCILIATION

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DL | LG |
| **Small Business:** | | | | | | |
| SBA business loans | −489 | | −669 | | −699 | |

### FUNCTION 370 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Rural housing programs | 3.6 | 3.9 | 4.0 | 3.6 | 3.4 | 4.0 |
| Financial institutions insurance and regulation | −0.3 | −1.4 | −2.1 | −1.3 | −0.6 | −2.2 |

## FUNCTION 370 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Government National Mortgage Association | 1.4 | 1.1 | 1.5 | 0.9 | 0.6 | −0.8 |
| FHA mortgage insurance | 0.2 | 0.2 | −0.2 | −0.2 | −0.4 | −0.7 |
| Housing for the elderly and handicapped | 0.8 | 0.8 | 0.7 | 0.8 | 0.7 | 0.5 |
| Postal Service | 1.2 | 1.4 | 0.2 | 1.1 | 1.2 | 1.4 |
| Small business assistance | 1.1 | 0.9 | 1.1 | 1.1 | 0.9 | 1.0 |
| Other advancement of commerce | 1.5 | 1.2 | 1.0 | 0.6 | 1.0 | 1.1 |
| Total function | 9.4 | 8.2 | 6.3 | 6.7 | 6.9 | 4.2 |
| Nominal growth (percent) | 100 | −13 | −24 | 7 | 4 | −39 |
| Real growth (percent) | 84 | −20 | −29 | 2 | 0 | −41 |

### IMPACT OF FY 1986 SEQUESTER ORDER

The chairman and ranking member of the Senate Committee on Banking, Housing and Urban Affairs, Senator Jake Garn, and Senator Bob Kasten have written letters regarding the application of Gramm-Rudman-Hollings budget cuts to a number of agencies in this function. The Budget Committee understands that there is concern about the inclusion of the Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation, National Credit Union Administration, and Comptroller of the Currency under the FY 1986 sequester order.

Under a sequester order, the law requires a reduction in all accounts, unless specifically exempted. The sequester of the accounts in question was determined to be appropriated by both CBO and OMB. This decision was upheld by the General Accounting Office in its report to the President. Although some question the correctness of this decision, the Budget Committee cannot overturn it, even if the Committee disagreed with the decision. However, the Budget Committee is mindful of the concerns expressed by Senator Garn and others and believes that, if necessary, the full Congress should clarify this issue at the appropriate time and in the appropriate manner. Within the confines of this resolution, the Congress cannot change substantive law, even if it chooses to do so.

The texts of Senator Garn's letter to the Budget Committee and of a letter from the Senate Banking Committee to the Director of the Office of Management and Budget can be found in the additional views section.

## Function 400: TRANSPORTATION

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Develop and maintain a transportation system that meets the needs of commerce and the public.

—Assist in ensuring that the transportation system operates safely, reliably, and efficiently.

—Ensure that Federal transportation policy and programs are consistent with the Nation's economic, energy, environmental, and social goals.

### FUNCTION 400 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 28.1 | 29.1 | 29.7 | 30.6 |
| | O | 27.4 | 27.4 | 27.4 | 28.1 |
| Committee recommendation | BA | 28.2 | 26.8 | 26.5 | 26.6 |
| | O | 27.5 | 27.8 | 26.7 | 26.8 |

### FUNCTION 400 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 0.7 | 0.5 | 0.4 | 0.2 |
| | LG | 0.1 | 0.1 | 0.1 | 0.1 |
| Committee recommendation | DL | 0.7 | 0.5 | 0.4 | 0.2 |
| | LG | 0.1 | 0.1 | 0.1 | 0.1 |

### COMMITTEE RECOMMENDATION

The Committee assumes $26.8 billion in budget authority and $27.8 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), which was pending final Congressional action when the Committee reported this resolution.

The Committee generally assumes that the Fiscal Years 1987–89 program level for discretionary appropriated accounts in this function will remain at the FY 1986 post-sequester level. In this function, this means that programs are frozen for 3 years at the FY 1986 post-sequester program level, except for those discussed below.

The Committee assumes an increase of $0.4 billion in FY 1987 budget authority above the freeze level for the Federal Aviation Administration (FAA) in order to improve air safety and aviation security. This safety initiative assumes funding increases above the freeze, including:

—additional air traffic controllers and aviation security personnel;
—aviation facilities and equipment (F&E), necessary for modernization of the air traffic control system;
—aviation research, engineering, and development, to support upgrading of the air traffic control system; and
—airport improvement construction grants.

The Committee also assumes an increase of $0.4 billion in FY 1987 budget authority above the freeze for Coast Guard operations and maintenance, and for capital acquisitions, construction, and improvements. These funds are intended to enable the Coast Guard to better carry out their extensive responsibilities, including drug interdiction, marine safety, environmental protection, and fishery conservation and management.

For FY 1986 funding of the Federal-aid highway program, the Committee assumes enactment of COBRA, H.R. 3128. COBRA raises the FY 1986 highway obligation ceiling to $13.125 billion, an increase of approximately $0.9 billion above the FY 1986 post-Gramm-Rudman ceiling of $12.2 billion. For FY 1987 and FY 1988, the recommendation assumes enactment of the Administration's proposal to set the obligation ceiling at $12.4 billion and to consolidate certain highway programs into a block grant.

The Committee assumes that all urban mass transit programs, except operating assistance, will remain at the FY 1986 program level. The assumption would reduce operating assistance by 20 percent in FY 1987. The Committee recognizes that a reduction in operating assistance can be achieved either via authorizing legislation, or through a limitation provided in the appropriations process. The Appropriations Committee has informed the Budget Committee that, as in previous years, the Appropriations Committee continues to prefer that the authorizing committee have the opportunity to review proposed reductions in operating assistance, consistent with their shared jurisdiction over this matter.

The Committee assumes the sale of Conrail to the private sector will occur during FY 1987. This is consistent with S. 638, the Conrail Sale Amendments of 1985, as passed the Senate on February 4, 1986.

Finally, the Committee recommendation assumes enactment of COBRA, which provides for the transfer of certain funds from the Boat Safety account to the general fund of the Treasury. COBRA also establishes pipeline user fees to finance the costs of the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act. These fees are included in the Committee's assumptions.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 400 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| Commerce, Science, and Transportation: | | | | | | |
| Boat safety | | −5 | | −3 | | −1 |
| Pipeline user fees | −8 | −8 | −8 | −8 | −9 | −9 |
| Environment and Public Works: | | | | | | |
| Federal-aid highways | −2,530 | | −2,990 | −775 | −3,470 | −1,150 |
| Total, function 400 | −2,538 | −13 | −2,998 | −786 | −3,479 | −1,160 |

### FUNCTION 400 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Federal-aid highways | 8.8 | 8.8 | 7.8 | 8.7 | 10.2 | 12.8 |
| Grants to Amtrak | 0.8 | 0.9 | 0.7 | 0.7 | 2.0 | 0.8 |
| Financial assistance to Conrail | 0.6 | 0.2 | (*) | | | |
| Northeast corridor rail project | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 |
| Urban mass transit programs | 3.2 | 3.9 | 3.9 | 3.8 | 3.8 | 3.4 |
| FAA operations | 2.2 | 2.3 | 2.1 | 2.5 | 2.6 | 2.7 |
| Airport/airways (trust fund) programs | 0.9 | 0.8 | 0.7 | 0.8 | 1.1 | 1.5 |
| NASA aeronautical research programs | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| Maritime construction and operating subsidies | 0.6 | 0.5 | 0.6 | 0.5 | 0.4 | 0.4 |

## FUNCTION 400 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Coast Guard operations and acquisitions | 1.3 | 1.5 | 1.7 | 2.0 | 2.1 | 2.1 |
| All other | 2.2 | 3.8 | 2.2 | 1.4 | 0.7 | 1.3 |
| Total function | 21.3 | 23.4 | 20.6 | 21.3 | 23.7 | 25.8 |
| Nominal growth (percent) | 22 | 10 | −12 | 3 | 11 | 9 |
| Real growth (percent) | 12 | 0 | −18 | 1 | 7 | 5 |

* Less than $50 million.

## Function 450: COMMUNITY AND REGIONAL DEVELOPMENT

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Promote the development, maintenance, or redevelopment of economically and socially viable neighborhoods in urban, suburban, and rural areas.

—Develop a partnership among Federal, State, and local governments and the private sector to assist in the stabilization and revitalization of economically depressed or declining areas.

—Provide relief to areas that suffer from natural disasters.

### FUNCTION 450 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 7.0 | 7.0 | 8.4 | 8.5 |
| | O | 8.0 | 7.7 | 7.8 | 8.0 |
| Committee recommendation | BA | 7.0 | 6.9 | 7.2 | 7.1 |
| | O | 7.9 | 7.2 | 7.0 | 6.8 |

### FUNCTION 450 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 1.4 | 1.7 | 2.3 | 2.2 |
| | LG | 0.2 | 0.1 | 0.1 | 0.1 |
| Committee recommendation | DL | 1.4 | 1.1 | 1.3 | 1.1 |
| | LG | 0.2 | 0.3 | 0.3 | 0.3 |

### COMMITTEE RECOMMENDATION

The Committee recommends $6.9 billion in budget authority and $7.2 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee recommendation assumes that the CDBG deferral will be overturned. According to Congressional Budget Office scoring procedures, deferrals are assumed to be effective immediately upon request. Therefore, the President's request for a $500 million deferral in the community development block grant (CDBG) program, in FY 1986, is assumed in the baseline for function 450. Because the Committee recommendation assumes overturning the CDBG deferral, function totals and Committee allocations have been adjusted to reflect that change.

The Committee assumes that a comprehensive freeze will limit the Fiscal Years 1987–89 program level for the discretionary appropriated accounts in this function to the FY 1986 level.

The Committee also recommends policy changes and program reforms that will result in savings below the freeze level.

The Committee recommends reform of the community development block grant (CDBG) Section 108 loan guarantee program. This recommendation parallels the reforms included in the Consolidated Omnibus Budget Reconciliation Act of 1985 and would require communities to obtain financing for Section 108 activities from the private sector. All loans would receive a Federal guarantee.

The Committee recommends a 10-percent reduction in funding for the urban development action grant program (UDAG), rental housing development grants (HoDAG), rental rehabilitation grants, and the Economic Development Administration (EDA).

The Committee recommends terminating Small Business Administration disaster loans to farmers and the non-physical disaster loan program, as included in COBRA. This recommendation assumes that private insurance is available in many instances to cover losses from disasters.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

## FUNCTION 450 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Agriculture, Nutrition, and Forestry:** | | | | | | |
| Rural development insurance fund loan asset sales | −55 | −55 | −49 | −49 | −43 | −43 |
| **Banking, Housing, and Urban Affairs:** | | | | | | |
| CDBG Section 108 | −58 | −56 | −104 | −94 | −131 | −106 |
| **Small Business:** | | | | | | |
| SBA disaster loans | −213 | −356 | −450 | −572 | −391 | −627 |
| Total, function 450 | −326 | −467 | −603 | −715 | −565 | −776 |

## CREDIT RECONCILIATION

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DL | LG |
| **Small Business:** | | | | | | |
| SBA disaster loans | −516 | | −822 | | −856 | |

## FUNCTION 450 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Community development block grants | 3.9 | 4.0 | 3.8 | 3.6 | 3.8 | 3.8 |
| Urban development action grants | 0.2 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 |
| Other community development programs | 0.8 | 0.7 | 0.4 | 0.3 | 0.2 | 0.3 |
| Economic Development Administration | 0.5 | 0.4 | 0.3 | 0.2 | 0.2 | 0.3 |
| Local public works program | 0.4 | 0.1 | (*) | (*) | (*) | (*) |
| Other area and regional development programs | 3.4 | 3.3 | 3.5 | 2.9 | 2.8 | 2.8 |
| SBA disaster loans | 0.9 | 1.1 | −0.3 | −0.4 | −0.4 | −0.3 |
| Other disaster assistance programs | 1.1 | 0.6 | 0.2 | 0.4 | 0.5 | 0.2 |
| Total function | 11.3 | 10.6 | 8.3 | 7.6 | 7.7 | 7.7 |
| Nominal growth (percent) | 7 | −6 | −21 | −9 | 1 | 0 |
| Real growth (percent) | −1 | −15 | −26 | −13 | −2 | −3 |

* Less than $50 million.

## Function 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Improve educational opportunities for disadvantaged and handicapped children.

—Provide financial assistance for postsecondary students.

—Support educational and cultural institutions and activities.

—Enchance training and employment opportunities for youth and adults.

—Support institutions and agencies regulating management-labor relationships and the gathering of labor statistics.

—Provide supportive services for groups such as the poor, the aged, and the handicapped to assist them in becoming self-sufficient.

### FUNCTION 500 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 30.3 | 32.1 | 33.5 | 34.9 |
| | O | 30.9 | 31.0 | 32.4 | 33.6 |
| Committee recommendation | BA | 30.1 | 30.8 | 30.3 | 30.2 |
| | O | 30.6 | 30.2 | 30.5 | 30.2 |

### FUNCTION 500 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 1.5 | 1.5 | 1.5 | 1.5 |
| | LG | 10.0 | 10.5 | 10.7 | 10.9 |
| Committee recommendation | DL | 1.5 | 1.5 | 1.4 | 1.3 |
| | LG | 10.0 | 10.3 | 10.7 | 11.0 |

## COMMITTEE RECOMMENDATION

The Committee recommends $30.8 billion in budget authority and $30.2 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), which was pending final Congressional action when the Committee reported this resolution.

The Committee assumes that most discretionary programs would be frozen in Fiscal Years 1987–89 at the FY 1986 funding level. The Committee would provide $400 million in budget authority above the freeze level in FY 1987 for priority needs-based programs such as Chapter 1, Head Start, education for handicapped children and Pell Grants.

The Committee also assumes policy changes and program reforms that will result in savings below the freeze level.

The Committee assumes the reduction of the Chapter 2 block grant program by $100 million below the freeze level.

The Committee assumes that the Congress will reform the guaranteed student loan (GSL) program by adopting the administrative cost-savings proposals included in the Consolidated Omnibus Budget Reconciliation Act. The Committee also recommends including the savings contained in S. 1965, the Higher Education Act reauthorization, as reported out of the Subcommittee on Education. These additional savings include raising the students' interest rate to 10-percent, lowering lender yield on new loans by 0.25 percent, requiring *all* students to undergo needs analysis and tightening the definition of independent student. In addition, the Committee assumes other administrative savings that would reduce the Federal subsidy to State guarantee agencies.

The Committee assumes the elimination of the work incentive (WIN) program and a 10-percent reduction in the community services block grant (CSBG).

The Committee assumes the enactment of a new independent living initiative and the extension of several provisions in current law for foster care and adoption assistance, as contained in the Consolidated Omnibus Budget Reconciliation Act of 1985.

The Committee assumes the sale of some college housing loans and higher education facilities loans to the private sector.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

## FUNCTION 500 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Banking, Housing, and Urban Affairs:** | | | | | | |
| College housing loans | | −290 | | −135 | | |
| **Labor and Human Resources:** | | | | | | |
| Higher education facilities loans | | | | −22 | | −9 |
| Guaranteed student loans | −230 | −205 | −480 | −435 | −612 | −602 |
| Total, function 500 | −230 | −495 | −480 | −592 | −612 | −611 |

## CREDIT RECONCILIATION

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DG | LG |
| **Labor and Human Resources:** | | | | | | |
| Guaranteed student loans | −41 | −235 | −60 | −15 | −139 | 55 |

## FUNCTION 500 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Compensatory education (includes chapter 1 of ECIA) | 3.4 | 3.4 | 3.0 | 2.6 | 3.1 | 4.2 |
| Education for the handicapped | 0.8 | 1.0 | 1.1 | 1.3 | 1.0 | 1.0 |
| Vocational education | 0.9 | 0.7 | 0.8 | 0.7 | 0.7 | 0.7 |
| Education impact aid | 0.7 | 0.8 | 0.5 | 0.5 | 0.6 | 0.6 |
| Other elementary, secondary education (includes chapter II of ECIA) | 1.1 | 1.3 | 1.4 | 1.2 | 1.2 | 1.1 |
| Guaranteed student loans | 1.4 | 2.3 | 3.0 | 2.6 | 3.2 | 3.5 |
| Other student assistance | 3.7 | 3.9 | 2.7 | 4.0 | 3.7 | 4.2 |
| CETA title VI and II–D, public service employment [1] | 3.7 | 0.9 | | | | |
| Other CETA [1] | 5.2 | 6.8 | 4.1 | | | |
| Job Training Partnership Act | | | | 3.9 | 3.2 | 3.4 |
| The employment service | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| WIN | 0.4 | 0.4 | 0.2 | 0.3 | 0.3 | 0.3 |
| Social services block grant (title XX) | 2.8 | 2.6 | 2.6 | 2.5 | 2.8 | 2.7 |
| Community services program | 0.6 | 0.6 | 0.3 | 0.3 | 0.3 | 0.4 |
| Other social services (includes vocational rehabilitation and head-start) | 2.7 | 3.7 | 3.0 | 3.3 | 4.1 | 3.6 |

## FUNCTION 500 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| All other | 3.7 | 4.5 | 3.6 | 2.7 | 2.6 | 2.8 |
| Total function | 31.8 | 33.7 | 27.0 | 26.6 | 27.6 | 29.3 |
| Nominal growth (percent) | 5 | 6 | −20 | −2 | 4 | 6 |
| Real growth (percent) | −3 | −4 | −25 | −5 | 0 | 3 |

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[1] Replaced by Job Training Partnership Act beginning in FY 1983.

## Function 550: HEALTH

### Major National Needs Addressed by the Function

—Provide health care and preventive health services to the elderly, poor, and disabled.

—Restrain inflation in Federal health care costs.

—Acquire knowledge regarding the causes, prevention, and treatment of diseases, and promote preventive measures by which good health can be maintained.

—Support the education of students in the health professions, especially in primary care fields.

—Promote consumer and occupational health.

### FUNCTION 550 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 36.4 | 38.4 | 41.0 | 43.6 |
| | O | 35.6 | 38.5 | 40.9 | 43.2 |
| Committee recommendation | BA | 36.4 | 37.9 | 40.0 | 42.0 |
| | O | 35.6 | 37.9 | 40.1 | 41.9 |

### FUNCTION 550 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | (*) | (*) | (*) | (*) |
| | LG | 0.3 | 0.3 | 0.3 | 0.3 |
| Committee recommendation | DL | | | | |
| | LG | 0.4 | 0.3 | 0.3 | 0.3 |

*Less than $50 million.

### Committee Recommendation

The Committee recommends $37.9 billion in budget authority and $37.9 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee assumes savings in this function due to a partial freeze on discretionary health programs. Funding is made available to increase support for high priority programs above the freeze level.

In medicaid, the Committee assumed the enactment of the Consolidated Omnibus Budget Reconciliation Act. It also assumes the President's proposal to reform the method used to reimburse States for their administrative costs.

The Committee's recommendation assumes new flexibility in the medicaid program to meet high priority needs such as new authority permitting States to provide preventive health care services to expectant women and infants with incomes below the poverty level.

For the Federal employees health benefits program, the Committee assumes reforms in the methods used to reimburse providers of care to Federal employees and retirees.

### Explanation of Reconciliation Decisions

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 550 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| Finance: | | | | | | |
| Medicaid | | −260 | | −662 | | −1,182 |
| Governmental Affairs: | | | | | | |
| Federal employees health benefits program | | −282 | | −5 | | −100 |
| Total, function 550 | | −542 | | −667 | | −1,282 |

## FUNCTION 550 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Medicaid | 14.0 | 16.8 | 17.4 | 19.0 | 20.1 | 22.7 |
| Other health care services | 4.1 | 4.4 | 4.4 | 4.0 | 4.4 | 4.3 |
| Health research | 3.4 | 3.8 | 3.9 | 4.0 | 4.4 | 4.9 |
| Education and training of health care work force | 0.7 | 0.8 | 0.7 | 0.6 | 0.4 | 0.5 |
| Consumer and occupational health | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.2 |
| Total function | 23.2 | 26.9 | 27.4 | 28.6 | 30.4 | 33.5 |
| Nominal growth (percent) | 13 | 16 | 2 | 4 | 6 | 10 |
| Real growth (percent) | 0 | 4 | –5 | 1 | 2 | 6 |

## Function 570: MEDICARE

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Provide hospital and medical insurance benefits to the elderly and disabled.

FUNCTION 570 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 86.7 | 83.6 | 92.2 | 102.1 |
| | O | 68.4 | 75.3 | 84.6 | 94.8 |
| Committee recommendation | BA | 86.3 | 82.9 | 90.9 | 100.8 |
| | O | 67.9 | 72.8 | 80.5 | 88.8 |

### COMMITTEE RECOMMENDATION

The Committee recommends $82.9 billion in budget authority and $72.8 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee also assumes savings of $0.8 billion in FY 1987 and $5.8 billion during the period FY 1987–89. These savings can be achieved through continued reform in provider reimbursement and without increasing beneficiary out-of-pocket expenses.

### EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

## FUNCTION 570 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Finance:** | | | | | | |
| Medicare | | −2,382 | | −4,050 | | −5,750 |

## FUNCTION 570 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Hospital insurance | 24.3 | 29.2 | 34.9 | 38.6 | 42.1 | 48.7 |
| Supplementary medical insurance | 10.7 | 13.2 | 15.6 | 18.3 | 20.4 | 22.7 |
| Payments to HI, SMI (non-add)[1] | (7.8) | (9.6) | (14.3) | (18.8) | (17.9) | (19.3) |
| Medicare premiums | −2.9 | −3.3 | −3.9 | −4.3 | −4.9 | −5.6 |
| Total function | 32.1 | 39.1 | 46.6 | 52.6 | 57.5 | 65.8 |
| Nominal growth (percent) | 21 | 22 | 19 | 13 | 9 | 14 |
| Real growth (percent) | 7 | 10 | 11 | 9 | 6 | 10 |

[1] Virtually all of this amount must be appropriated each year from general funds to make up the difference between premiums paid by beneficiaries and the total cost of the supplementary medical insurance portion of medicare.

## Function 600: INCOME SECURITY

### Major National Needs Addressed by the Function

—Mitigate the loss of income people experience as a result of unemployment, retirement, disability, or death.

—Provide income support and help ensure an adequate diet for poor Americans, especially families with children, the elderly, and the disabled who cannot provide sufficiently for themselves.

—Help the poor meet problems arising from increasing energy costs.

—Promote decent and affordable housing for low-income individuals and families.

### FUNCTION 600 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 156.2 | 163.9 | 171.5 | 176.4 |
| | O | 119.6 | 124.1 | 130.6 | 135.2 |
| Committee recommendation | BA | 155.7 | 160.9 | 169.2 | 173.2 |
| | O | 118.3 | 121.5 | 128.2 | 133.1 |

### FUNCTION 600 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 1.5 | 1.8 | 1.9 | 1.5 |
| | LG | | | | |
| Committee recommendation | DL | 1.5 | 1.8 | 1.8 | 0.7 |
| | LG | | | | |

### Committee Recommendation

The Committee recommends $160.9 billion in budget authority and $121.5 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), which was pending final Congressional action when the Committee reported this resolution.

The Committee recommendation assumes no changes in the major income support programs for the Nation's elderly, disabled, needy and hungry citizens. This includes Federal civilian and military retirement, black lung disability, unemployment compensation, food stamps, child nutrition, the supplemental feeding program for women, infants, and children (WIC), supplemental security income, aid to families with dependent children, and the earned income tax credit.

The Committee recommendation reflects enactment of a supplemental pension plan for Federal workers hired after December 31, 1983, who are covered by social security. A House-Senate conference committee is currently negotiating this plan. The Committee rejects the Administration's proposals to reform the current retirement system in light of the freeze on 1986 cost-of-living adjustments.

The Committee recommendation assumes reforms in the railroad retirement program and an increase in the coal excise tax to shore up the financially troubled black lung disability trust fund.

The Committee assumes that the Federal Government would recoup a portion of petroleum overcharge payments. These funds would be reserved to help fund the low-income home energy assistance program and allocated to the Appropriations Committee upon enactment of the anticipated legislation. If the recoupment is found unconstitutional, the reserve funds would be available to maintain funding in the program.

For subsidized housing, the Committee assumes a program of about 80,000 units a year, 25 percent below the baseline level. Of these, about 70,000 units would be net additions to the subsidized housing stock. Rental assistance for Section 202 housing for the elderly and handicapped would remain at the FY 1986 level.

The Committee also assumes the Administration's proposed financing reforms for public housing, including capital grants and the forgiveness of debt on certain public housing projects. Funding for public housing modernization would be provided in grant form, at a level equivalent to the FY 1986 program.

The Committee recommendation reflects passage of COBRA. It would increase the pension benefit guaranty premium from $2.60 per employee per year to $8.50; reauthorize and reform the trade adjustment assistance program; and provide a moratorium on sanction collections in the aid to families with dependent children program pending completion of a study.

The Committee assumes the fiscal years 1987–89 program level for the discretionary appropriated accounts in this function is set at the FY 1986 level, except for the supplemental feeding program for women, infants and children (WIC) and the commodity supplemental food program, which are assumed to be funded at current services level. The function totals also assume passsage of H.R. 7, the school lunch and child nutrition amendments of 1985.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 600 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 |  | FY 1988 |  | FY 1989 |  |
|---|---|---|---|---|---|---|
|  | BA | 0 | BA | 0 | BA | 0 |
| **Finance:** |  |  |  |  |  |  |
| Pension Benefit Guaranty Corporation fund |  | −217 |  | −236 |  | −138 |
| Rail Industry pension fund |  | −100 |  |  |  |  |
| **Governmental Affairs:** |  |  |  |  |  |  |
| Civil service retirement reform |  | 20 |  | 190 |  | 475 |
| Total, function 600 |  | −297 |  | −46 |  | 337 |
| **Energy and Natural Resources:** |  |  |  |  |  |  |
| Contributions: |  |  |  |  |  |  |
| Recoup oil overcharge payments |  | 900 |  | 700 |  | 500 |

### FUNCTION 600 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual |  |  |  |  |  |
|---|---|---|---|---|---|---|
|  | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Railroad retirement | 3.3 | 3.6 | 3.9 | 3.8 | 3.7 | 3.9 |
| Black lung | 1.8 | 1.8 | 2.0 | 1.9 | 1.9 | 1.9 |
| Military retirement | 11.9 | 13.7 | 15.0 | 15.9 | 16.5 | 15.8 |
| Federal civilian retirement | 14.7 | 17.7 | 19.5 | 20.8 | 21.8 | 23.1 |
| Unemployment compensation | 18.0 | 19.7 | 23.7 | 31.5 | 18.4 | 17.5 |
| Subsidized housing | 4.5 | 5.7 | 6.9 | 7.8 | 8.8 | 10.0 |
| Public housing loans | 0.9 | 1.4 | 1.7 | 1.9 | 1.2 | 13.9 |
| Food stamps | 9.1 | 11.3 | 11.0 | 12.7 | 12.4 | 12.5 |
| Child nutrition | 3.4 | 3.4 | 3.0 | 3.3 | 3.5 | 3.7 |
| Supplemental food (WIC) | 0.7 | 0.9 | 0.9 | 1.2 | 1.4 | 1.5 |
| Supplemental security income (SSI) | 6.4 | 7.2 | 7.7 | 8.7 | 7.6 | 9.6 |
| Aid to families with dependent children (AFDC) | 7.3 | 8.5 | 8.0 | 7.9 | 8.3 | 8.6 |
| Low income energy assistance | 1.6 | 1.8 | 1.7 | 2.0 | 2.0 | 2.1 |
| Earned income tax credit | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 |

## FUNCTION 600 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Refugee assistance | 0.4 | 0.7 | 1.0 | 0.5 | 0.6 | 0.4 |
| All other | 1.2 | 1.0 | 0.5 | 1.5 | 3.4 | 2.6 |
| Total function | 86.5 | 99.7 | 107.7 | 122.6 | 112.7 | 128.2 |
| Nominal growth (percent) | 30 | 15 | 8 | 14 | −8 | 14 |
| Real growth (percent) | 15 | 4 | 1 | 10 | −12 | 10 |

## Function 650: SOCIAL SECURITY

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Provide social security benefits to mitigate the loss of income people experience as a result of retirement, disability, or death of a wage earner insured by the social security retirement, disability, and survivors insurance program.

### FUNCTION 650 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 199.5 | 226.6 | 256.7 | 280.9 |
| | O | 199.5 | 211.6 | 226.3 | 241.7 |
| Committee recommendation | BA | 199.5 | 228.3 | 260.2 | 286.0 |
| | O | 199.6 | 211.5 | 226.1 | 241.5 |

### COMMITTEE RECOMMENDATION

The Committee recommends $228.3 billion in budget authority and $211.5 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester.

The Committee recommendation assumes full cost-of-living adjustments in social security benefits.

The function totals reflect the budget authority effect of a revenue proposal to require State and local governments to remit social security taxes on the same schedule as private employers. It also reflects the budget authority effect of the new supplemental Federal retirement plan. These changes provide additional income to the social security trust fund.

The Committee recommendation assumes the FY 1987–89 program level for the limitation on administrative expenses account is set at the FY 1986 level. The Committee assumes that any savings in administrative expenses for the Social Security Administration will not involve any reductions in staffing or office closings.

## EXPLANATION OF RECONCILIATION DECISIONS

There are no reconciliation instructions in this function.

### FUNCTION 650 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Old-age and survivors insurance | 103.2 | 122.3 | 137.9 | 154.0 | 162.4 | 171.6 |
| (On-budget) | (—) | (—) | (—) | (—) | (—) | (—) |
| (Social security) | (103.2) | (122.3) | (137.9) | (154.0) | (162.4) | (171.6) |
| Disability insurance | 15.3 | 17.3 | 18.0 | 18.3 | 18.5 | 19.4 |
| (On-budget) | (—) | (—) | (—) | (—) | (—) | (—) |
| (Social security) | (15.3) | (17.3) | (18.0) | (18.3) | (18.5) | (19.4) |
| Payments to social security trust funds | | | | | | |
| (On-budget) | (0.7) | (0.7) | (0.8) | (21.1) | (9.2) | (7.2) |
| (Social security) | (−0.7) | (−0.7) | (−0.8) | (−21.1) | (−9.2) | (−7.2) |
| Interest payments, net | | | | −1.6 | −2.5 | −2.4 |
| (On-budget) | (—) | (—) | (—) | (−1.1) | (−2.1) | (−2.0) |
| (Social security) | (—) | (—) | (—) | (−1.4) | (−0.5) | (−0.4) |
| Total function | 118.5 | 139.6 | 156.0 | 170.7 | 178.2 | 188.6 |
| (On-budget) | (0.7) | (0.7) | (0.8) | (20.0) | (7.1) | (5.2) |
| (Social security) | (117.9) | (138.9) | (155.1) | (150.7) | (171.2) | (183.4) |
| Nominal growth (percent) | 14 | 18 | 12 | 9 | 4 | 6 |
| Real growth (percent) | (*) | 6 | 4 | 6 | 1 | 2 |

*Less than $50 million.

## Function 700: VETERANS BENEFITS AND SERVICES

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Meet the Nation's obligation to compensate veterans disabled while in military service for their loss of earning power.

—Provide medical care to veterans for disabilities incurred while in military service.

—Compensate the families of veterans who are killed in service or who die from service-related disabilities for the reduction in the family's earning power.

—Help veterans of wartime and draft service return to civilian life on a social and economic basis comparable to their peers who did not perform military duty.

—Provide psychological readjustment services and training opportunities to Vietnam-era veterans with special needs.

—Provide financial assistance to needy veterans and their survivors.

### FUNCTION 700 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 27.3 | 27.6 | 28.2 | 28.5 |
| | O | 26.7 | 27.0 | 27.8 | 28.1 |
| Committee recommendation | BA | 27.3 | 27.2 | 27.5 | 27.6 |
| | O | 26.6 | 26.6 | 27.1 | 27.3 |

### FUNCTION 700 CREDIT PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | DL | 1.5 | 1.5 | 1.4 | 1.3 |
| | LG | 12.2 | 16.3 | 16.9 | 17.5 |
| Committee recommendation | DL | 1.5 | 1.5 | 1.4 | 1.3 |
| | LG | 12.2 | 16.3 | 16.9 | 17.6 |

## COMMITTEE RECOMMENDATION

The Committee recommends $27.2 billion in budget authority and $26.6 billion in outlays for this function in FY 1987.

Function totals for FY 1987 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

In order to assist low-income veterans, the Committee's recommendation assumes a full cost-of-living increase for the veterans compensation and pension programs. The COLA increase corresponds to Committee recommendations for increases in Social Security and other retirement and disability programs.

For FY 1987, the Committee's recommendation provides full inflationary increases for veterans medical care and provides one-half the rate of inflation in the out-years. All other discretionary programs are frozen at the FY 1986 level.

The Committee's recommendation assumes the implementation of a means-tested eligibility reform and third-party reimbursement for VA hospital and medical care as included in the 1985 Consolidated Omnibus Budget Reconciliation Act. Veterans will continue to have access to the VA health care system, but the VA would be able to (1) require a co-payment for non-service-connected veterans whose incomes exceed certain levels, and (2) recover the cost of care provided in VA facilities to non-service-connected veterans with private insurance coverage.

The FY 1987 budget recommendation assumes adjustments for P.L. 99-255, a law to revise the FY 1986 guaranteed loan limitation for the VA loan guaranty revolving fund. This adjustment reflects increased loan activity in the VA home loan program and will assure that veterans are not denied the benefits of homeownership.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 700 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Veterans Affairs:** | | | | | | |
| Veterans medical care | −356 | −356 | −473 | −473 | −512 | −512 |

## FUNCTION 700 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Veterans compensation | 7.4 | 8.4 | 9.3 | 9.8 | 9.9 | 10.2 |
| Veterans pensions | 3.6 | 3.8 | 3.9 | 3.9 | 3.9 | 3.8 |
| Veterans education, training, and rehabilitation | 2.3 | 2.3 | 1.9 | 1.6 | 1.4 | 1.1 |
| Hospital and medical care for veterans | 6.5 | 7.0 | 7.5 | 8.3 | 8.9 | 9.5 |
| All other | 1.3 | 1.6 | 1.3 | 1.2 | 1.6 | 1.6 |
| Total function | 21.2 | 23.0 | 24.0 | 24.8 | 25.6 | 26.4 |
| Nominal growth (percent) | 6 | 9 | 4 | 4 | 3 | 3 |
| Real growth (percent) | −6 | −2 | −3 | 0 | 0 | −1 |

## Function 750: ADMINISTRATION OF JUSTICE

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Provide for the safety of persons and the protection of their property through law enforcement.

—Provide fair and prompt trials for those accused of Federal crimes and for those involved in civil disputes.

—Operate detention and correctional facilities for persons charged with or convicted of Federal crimes.

—Assist in the improvement of State and local criminal justice systems.

—Represent the interest of the public in civil litigation and in other legal matters.

### FUNCTION 750 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 6.8 | 6.9 | 7.1 | 7.2 |
| | O | 6.8 | 7.0 | 7.1 | 7.3 |
| Committee recommendation | BA | 6.8 | 7.0 | 7.1 | 7.0 |
| | O | 6.8 | 7.0 | 7.1 | 7.1 |

### COMMITTEE RECOMMENDATION

The Committee recommends $7.0 billion in budget authority and $7.0 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding level, which include the effect of the March 1 sequester.

The Committee generally assumes that the FY 1987 through FY 1989 program levels for the discretionary appropriated accounts in this function remain at the FY 1986 post-sequester level. In this function, this means that all programs are frozen at the FY 1986 post-sequester level, except for those discussed below.

The Committee recommendation assumes program increases for the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Immigration and Naturalization Service, to strengthen law enforcement, and specifically drug law enforcement, activities.

### EXPLANATION OF RECONCILIATION DECISIONS

There are no reconciliation instructions in this function.

### FUNCTION 750 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Federal Bureau of Investigation | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 | 1.2 |
| Immigration and Naturalization Service | 0.3 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 |
| Drug Enforcement Administration | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 |
| Customs Service | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 |
| The Judiciary | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |
| Justice assistance | 0.6 | 0.5 | 0.3 | 0.2 | 0.1 | 0.2 |
| Legal Services Corporation | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 |
| Federal prison system | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| All other | 1.1 | 1.2 | 1.2 | 1.4 | 1.6 | 1.5 |
| Total function | 4.6 | 4.8 | 4.7 | 5.1 | 5.7 | 6.3 |
| Nominal growth (percent) | 10 | 4 | −1 | 8 | 11 | 11 |
| Real growth (percent) | 1 | −5 | −8 | 4 | 7 | 7 |

## Function 800: GENERAL GOVERNMENT

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Provide a legislative system responsive to the Nation's people.

—Provide national executive leadership and development of Federal management policy.

—Ensure efficiency and accountability in the use of public resources.

—Formulate tax and fiscal policies and conduct the operations of the Federal Government efficiently and effectively.

—Provide central services for all Federal agencies, including property and personnel management.

FUNCTION 800 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 6.0 | 5.7 | 5.9 | 5.9 |
| | O | 6.0 | 5.7 | 5.9 | 5.9 |
| Committee recommendation | BA | 6.3 | 5.7 | 6.1 | 6.2 |
| | O | 6.3 | 5.6 | 6.1 | 6.2 |

### COMMITTEE RECOMMENDATION

The Committee recommends $5.7 billion in budget authority and $5.6 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee generally assumes that the FY 1987 through FY 1989 program levels for the discretionary appropriated accounts in this function remain at the FY 1986 post-sequester level. In this function, this means that all programs are frozen at the FY 1986 post-sequester level, except for those discussed below.

The Committee recommendation on U.S. Customs Service user fees assumes that the full amount of the receipts will be achieved through enactment of the customs fees contained in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as passed by the Senate, plus additional fees on merchandise processing. The Committee's recommendation does not assume additional fees on persons, vehicles, vessels, or aircraft, beyond those contained in COBRA.

The Committee assumes increased funds would be provided for the Internal Revenue Service (IRS) in FY 1987 through FY 1989 to hire up to 2,500 additional agents, each year, to improve processing of returns, strengthen taxpayer service, and collect unpaid taxes. The resources assumed for this agency can also accomodate the FY 1987 effects of an FY 1986 IRS supplemental.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 800 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| Finance: | | | | | | |
| Customs user fees | | —520 | | —525 | | —530 |

### FUNCTION 800 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Legislative branch | 1.0 | 1.0 | 1.2 | 1.2 | 1.3 | 1.4 |
| Internal Revenue Service | 2.3 | 2.4 | 2.5 | 2.9 | 3.2 | 3.6 |
| General Services Administration | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 |
| All other | 0.7 | 1.0 | 0.6 | 0.5 | 0.3 | 0.2 |
| Total function | 4.4 | 4.6 | 4.5 | 4.8 | 5.1 | 5.2 |
| Nominal growth (percent) | 13 | 3 | —1 | 6 | 6 | 3 |
| Real growth (percent) | 4 | —6 | —8 | 2 | 2 | 0 |

## Function 850: GENERAL PURPOSE FISCAL ASSISTANCE

### MAJOR NATIONAL NEEDS ADDRESSED BY THE FUNCTION

—Strengthen the capacities of State and local governments to finance essential public services and cushion the fiscal impact of adverse economic conditions.

—Assist States and localities by sharing receipts generated by Federal land management activities.

### FUNCTION 850 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 5.5 | 6.6 | 6.6 | 6.7 |
| | O | 5.9 | 6.2 | 6.6 | 6.7 |
| Committee recommendation | BA | 5.5 | 2.0 | 2.0 | 2.1 |
| | O | 5.9 | 2.8 | 2.0 | 2.1 |

### COMMITTEE RECOMMENDATION

The Committee recommends $2.0 billion in budget authority and $2.8 billion in outlays in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee assumes general revenue sharing will expire when its authorization ends in FY 1987. However, the Committee recommendation would allow $1.8 billion in BA and outlays in FY 1987 equal to two additional quarterly payments at the current rate subject to the following two conditions: (1) a reauthorization for GRS is enacted into law; and (2) the Finance Committee provides revenues above the amount specified in the reconciliation instructions, sufficient to pay for the authorized spending. Funds reserved for possible extension of revenue sharing would be allocated to the Appropriations Committee when those conditions were met.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 850 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 |  | FY 1988 |  | FY 1989 |  |
|---|---|---|---|---|---|---|
|  | BA | O | BA | O | BA | O |
| Finance: |  |  |  |  |  |  |
| General revenue sharing |  | −3,372 |  | −4,567 |  | −4,567 |

### FUNCTION 850 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual |  |  |  |  |  |
|---|---|---|---|---|---|---|
|  | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| General revenue sharing | 6.8 | 5.1 | 4.6 | 4.6 | 4.6 | 4.6 |
| Payments and loans to the District of Columbia | 0.3 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 |
| Antirecession fiscal assistance | (*) |  |  |  |  |  |
| All other | 1.4 | 1.2 | 1.4 | 1.3 | 1.7 | 1.2 |
| Total function | 8.6 | 6.9 | 6.4 | 6.5 | 6.8 | 6.4 |
| Nominal growth (percent) | 3 | −20 | −7 | 1 | 5 | −6 |
| Real growth (percent) | −6 | −27 | −13 | −3 | 1 | −9 |

*Less than $50 million.

## Function 900: NET INTEREST

Interest is the cost of borrowing or the income from lending money. The net interest function includes three elements: (1) interest on the public debt, including interest on securities sold to the public and to trust funds; (2) other interest payments and collections of the Federal Government, including an offset for interest lost due to changes in other budget functions; and (3) a deduction of the amount of interest received by both on-budget and social security trust funds.

Deductions for interest received by on-budget and social security trust funds are included to remove transactions between one budget program and another. The budget totals in function 900 reflect only net transactions with the public.

### FUNCTION 900 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | 138.7 | 145.1 | 154.6 | 157.9 |
| | 0 | 138.7 | 145.1 | 154.6 | 157.9 |
| Committee recommendation | BA | 137.7 | 144.7 | 151.7 | 149.3 |
| | 0 | 137.7 | 144.7 | 151.7 | 149.3 |

### COMMITTEE RECOMMENDATION

The Committee recommends $144.7 billion in budget authority and $144.7 billion in outlays for this function in FY 1987.

Function totals for FY 1986 assume the baseline funding totals, which include the effect of the March 1 sequester. The reductions in interest costs that the Committee assumes are consistent with the deficit reductions contained in the recommended budget resolution.

In addition, because net interest outlays account for nearly 15 percent of the total Federal budget, it is the sense of the Committee that indexed long-term Treasury obligations should be further studied by the Department of the Treasury and that legislation before the Congress should be evaluated as to its potential budgetary savings and benefits to the financial market.

Price-indexed bonds could be issued at a fixed rate of interest on the inflation-adjusted nominal value of a long-term Treasury obligation, thus eliminating the risk of inflation to the investor and possibly lowering interest paid on long-term debt. Savings might accrue to the Federal Government through reduced interest outlays.

### EXPLANATION OF RECONCILIATION DECISIONS

There are no reconciliation instructions in this function.

### FUNCTION 900 HISTORICAL DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Interest on the public debt | 74.8 | 95.5 | 117.2 | 128.6 | 153.8 | 179.1 |
| Interest received by trust funds | −12.0 | −13.8 | −16.1 | −17.1 | −20.4 | −26.2 |
| (On-budget) | (−9.7) | (−11.5) | (−14.0) | (−15.3) | (−17.0) | (−22.1) |
| (Social security) | (−2.3) | (−2.3) | (−2.1) | (−1.8) | (−3.3) | (−4.1) |
| Other interest | −10.2 | −13.0 | −16.1 | −21.7 | −22.4 | −23.4 |
| Total function | 52.5 | 68.7 | 85.0 | 89.8 | 111.1 | 129.4 |
| (On-budget) | (54.9) | (71.0) | (87.1) | (91.6) | (114.4) | (133.6) |
| (Social security) | (−2.3) | (−2.3) | (−2.1) | (−1.8) | (−3.3) | (−4.1) |
| Nominal growth (percent) | 23 | 31 | 24 | 6 | 24 | 17 |
| Real growth (percent) | 13 | 19 | 15 | 1 | 19 | 13 |

## Function 920: ALLOWANCES

Allowances are included in the budget to provide for unspecified requirements or savings that may arise. Such allowances do not represent specific program decisions. Once specific program decisions are made, the allowances shown here are replaced by changes in the appropriate functions of the budget.

At the present time, this function includes an allowance for pay raises for employees of Federal agencies other than the Department of Defense (including Coast Guard military personnel).

### FUNCTION 920 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | .............. | 1.0 | 3.0 | 5.1 |
| | O | .............. | 1.1 | 3.2 | 5.5 |
| Committee recommendation | BA | .............. | 1.9 | 4.4 | 6.0 |
| | O | .............. | 1.9 | 4.5 | 6.2 |

### COMMITTEE RECOMMENDATION

The Committee recommends $1.9 billion in budget authority and $1.9 billion in outlays for this function in FY 1987.

The Committee recommendation assumes Federal military and civilian pay raises of 3 percent each year, FY 1987 through FY 1989, effective in January of the fiscal year. Only the allowances for civilian agency pay raises appear in this function. Allowances for the pay raises of Department of Defense civilian and military personnel appear in function 050.

The Committee recommendation also assumes a delay in the waiting period for within-grade promotions by 1 year for civilian personnel. The recommendation assumes the establishment of a permanent 2,087-hour workyear as the method of calculating pay.

The Committee recommendation assumes the effects of S. 1527, currently in conference. S. 1527 makes reforms in the civil service retirement system for employees hired after December 31, 1983. In this function, S. 1527 would increase budget authority and outlays to reflect an allowance for the higher cost of agency retirement contributions among all functions.

The Committee notes that savings from the 3 percent civilian pay raise are reconciled only for FY 1987. The delay in the effective date of civilian pay raises to January is reconciled for all years. It is the Committee's intention that the out-year pay assumptions in this resolution will be used as the basis for the civilian and military pay baseline to be used by the Committee and the Senate for consideration of the FY 1988 budget resolution. The out-year assumptions for civilian and military pay are for 3 percent pay increases for each year, FY 1988 through FY 1991, effective in January of the fiscal year. The Committee recommends that the CBO use these pay assumptions in preparing their baseline estimates for civilian and military pay.

## EXPLANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 920 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| Government Affairs: | | | | | | |
| Civil service retirement and disability fund | | 1,600 | | 3,400 | | 4,200 |
| Civilian agency pay raises/3-month delay | | −349 | | −372 | | −387 |
| Delay within-grades | | −250 | | −590 | | −804 |
| 2,087-hour workyear | | −158 | | −163 | | −169 |
| Total, function 920 | | 843 | | 2,275 | | 2,840 |

## Function 950: UNDISTRIBUTED OFFSETTING RECEIPTS

Offsetting receipts are generally deducted from outlays and budget authority at the function, subfunction, or account level. In some instances, however, such payments are deducted from the budget totals as undistributed offsetting receipts. Payments for rents and royalties on the outer continental shelf (OCS) are very large and their inclusion in a particular function would distort the presentation of Federal program costs and are therefore deducted here. Deductions for the payments that each agency makes as its share of employee retirement costs are included here to eliminate double counting of budget authority and outlays.

### FUNCTION 950 SPENDING PROJECTIONS

[In billions of dollars]

| | | FY 1986 | FY 1987 | FY 1988 | FY 1989 |
|---|---|---|---|---|---|
| Baseline | BA | −34.2 | −35.9 | −39.8 | −41.1 |
| | O | −34.2 | −35.9 | −39.8 | −41.1 |
| Committee recommendation | BA | −36.7 | −40.3 | −45.7 | −45.9 |
| | O | −36.7 | −40.3 | −45.7 | −45.9 |

### COMMITTEE RECOMMENDATION

The Committee recommends −$40.3 billion in budget authority and outlays in this function in FY 1987.

Function totals for FY 1986 assume the baseline funding levels, which include the effect of the March 1 sequester. The FY 1986 totals also assume enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, which was pending final Congressional action when the Committee reported this resolution.

The Committee recommends the sale of the naval petroleum reserve and Conrail (see function 270, Energy, and function 400, Transportation, for a more detailed discussion).

The Committee recommends a new Federal supplemental retirement plan for Federal employees covered by social security. This function reflects offsetting receipts for higher Federal employee, employer, and military contributions to the new plan (see function 600, Income Security, for a more detailed discussion).

The Committee assumes a 3-percent military and civilian pay increase in January of each fiscal year beginning in FY 1987, a year delay in the waiting period for within-grade promotions, and the establishment of a permanent 2,087-hour workyear for calculating pay rates. This function reflects offsetting receipts from these proposals (see function 050, Defense, and function 920, Allowances, for a more detailed discussion).

The Committee recommendation adopts the Consolidated Omnibus Budget Reconciliation Act's Outer Continental Shelf provisions. The Committee has included reconciliation instructions for reductions in BA and outlays in FY 1987 that are assumed from an FY 1986 settlement over OCS funds.

## EXPANATION OF RECONCILIATION DECISIONS

Set forth below are the assumptions that support the reconciliation instructions adopted by the Committee. These instructions are intended to assist in implementation of the Committee recommendation, described above.

### FUNCTION 950 RECONCILIATION

[In millions of dollars]

| Committee/program | FY 1987 | | FY 1988 | | FY 11989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| **Armed Services:** | | | | | | |
| Sell the Naval Petroleum Reserve | | | −2,360 | −2,360 | | |
| **Energy and Natural Resources:** | | | | | | |
| Outer Continental Shelf | −364 | −364 | | | | |
| **Governmental Affairs:** | | | | | | |
| Civil service retirement reform | | −3,000 | | −6,100 | | −7,500 |
| Total, function 950 | −364 | −3,364 | −2,360 | −8,460 | | −7,500 |

### FUNCTION 950 HISTORICAL SPENDING DATA

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| **Employer share, employee retirement:** | | | | | | |
| Military retirement | −10.1 | −11.5 | −12.8 | −15.4 | −16.5 | −17.0 |
| Civilian retirement | −5.8 | −6.4 | −7.0 | −8.1 | −8.8 | −10.3 |
| (On-budget) | (−4.6) | (−5.0) | (−5.4) | (−6.3) | (−6.8) | (−7.8) |
| (Social security) | (−1.2) | (−1.4) | (−1.6) | (−1.8) | (−2.0) | (−2.5) |

## FUNCTION 950 HISTORICAL SPENDING DATA—Continued

[Outlays—billions of dollars]

| Major program | Actual | | | | | |
|---|---|---|---|---|---|---|
| | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
| Rents and royalties on the outer continental shelf | −4.1 | −10.1 | −6.2 | −10.5 | −6.7 | −5.5 |
| Total function | −19.9 | −28.0 | −26.1 | −34.0 | −32.0 | −32.8 |
| (On-budget) | (−18.7) | (−26.6) | (−24.5) | (−32.2) | (−29.9) | (−30.2) |
| (Social security) | (−1.2) | (−1.4) | (−1.6) | (−1.8) | (−2.0) | (−2.5) |
| Nominal growth (percent) | 14 | 41 | −7 | 30 | −6 | 3 |
| Real growth (percent) | 5 | 28 | −13 | 25 | −10 | −1 |

## Chapter V. RECONCILIATION

The resolution includes instructions to Senate committees and their House counterparts to recommend changes in laws within their jurisdiction to reduce spending or increase revenues. If adopted, these instructions would mandate that the committees of Congress take actions that will result in outlay savings of $12.5 billion in FY 1987, $20.2 billion in FY 1988, and $21.9 billion in FY 1989. The instructions recommend increases in contributions totalling $0.9 billion in FY 1987, $0.9 billion in FY 1988, and $0.7 billion in FY 1989. Revenue increases in the reconciliation instructions total $19.3 billion in FY 1987, $27.6 billion in FY 1988, and $29.8 billion in FY 1989.

The resolution also includes instructions to Senate and House committees to reduce spending for direct loan and loan guarantee programs. Reductions in direct loan programs total $1.0 billion in FY 1987, $1.6 billion in FY 1988, and $1.7 billion in FY 1989. Reductions in loan guarantee programs total $0.2 billion in FY 1987, and $15 million in FY 1988.

The major program reductions that the Budget Committee assumed in developing these instructions are discussed in Chapter III, Revenues, and Chapter IV, Spending and Credit. The following tables summarize these assumptions.

The reconciliation process is described in section 310 of the Congressional Budget Act of 1974. While originally envisioned as part of a second concurrent resolution on the budget, reconciliation has proven most useful when implemented earlier in the budget process. Thus, the first concurrent resolutions on the budget for FY 1981, FY 1982, FY 1983, FY 1984, and FY 1986 contained reconciliation instructions. The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177) amended the Congressional Budget Act of 1974 so as to formalize this practice. The Act now provides for a single annual concurrent resolution on the budget, with reconciliation instructions.

In the instructions contained in this resolution, Senate and House committees are instructed to transmit their recommendations to the respective Budget Committees by May 15, 1986. The Budget Committees will then package these recommendations, making no substantive changes, and report the resulting reconciliation bills to their respective chambers.

Reconciliation permits Congress to instruct its committees to revise existing laws in order to achieve spending reductions in the amounts specified in reconciliation instructions contained in a budget resolution. The process allows the individual committees to exercise their full judgment on the laws to be changed and on the changes that should occur. Reconciliation recognizes existing committee jurisdiction over programs while enabling the Congress to consider rationally its fiscal policies.

### Table 1

## SUMMARY OF RECONCILIATION SAVINGS IN BUDGET RESOLUTION BY SENATE COMMITTEE [1]

[In millions of dollars]

| Senate committee | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | BA | 0 | BA | 0 | BA | 0 |
| Agriculture, Nutrition, and Forestry | −135 | −135 | −291 | −291 | −350 | −350 |
| Armed Services | −16 | −16 | −1,696 | −1,652 | −123 | −123 |
| Banking, Housing, and Urban Affairs | −852 | −740 | −826 | −1,177 | −765 | −617 |
| Commerce, Science, and Transportation | −58 | −63 | −68 | −71 | −68 | −69 |
| Energy and Natural Resources | −424 | −424 | −65 | −86 | −80 | −116 |
| Environment and Public Works | −2,611 | −81 | −3,077 | −862 | −3,562 | −1,242 |
| Finance | | −7,041 | | −10,248 | | −12,393 |
| Governmental Affairs | | −2,603 | | −3,771 | | −4,375 |
| Labor and Human Resources | −230 | −205 | −480 | −457 | −612 | −611 |
| Small Business | −735 | −848 | −1,066 | −1,131 | −1,328 | −1,474 |
| Veterans Affairs | −356 | −356 | −473 | −473 | −512 | −512 |
| Total reconciliation spending savings | −5,417 | −12,512 | −8,042 | −20,219 | −7,400 | −21,882 |
| Deduction to eliminate double-counting | 10 | 10 | 12 | 12 | 17 | 17 |
| Net reconciliation spending savings | −5,407 | −12,502 | −8,030 | −20,207 | −7,383 | −21,865 |
| Reconciled revenues: | | | | | | |
| Finance | | +19,300 | | +27,600 | | +29,800 |
| Reconciled contributions: | | | | | | |
| Energy and Natural Resources | | +943 | | +858 | | +664 |

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[1] Savings exclude spending offsets and outyear increases.

The Committee makes note of the passage by both Houses of H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1985, which the President is expected to sign into law after the date of this report. Section 20001 of H.R. 3128 prohibits extraneous matter in reconciliation bills. The Committee intends to monitor the activities of reconciled committees as they develop their recommendations pursuant to this concurrent resolution, and to enforce section 20001 to the fullest possible extent during consideration of this resulting reconciliation bill.

The reconciliation instructions contained in this resolution refer to, among other things, "changes in laws . . . which provide spending authority other than" entitlement authority. This language refers to direct spending authority as defined in sections 401(c)(2)(A), (B), (D), and (E), as well as other types of changes in laws which will result directly in changes in budget authority and outlays, such as asset sales and user fees.

## Table 2

## DETAIL OF RECONCILIATION SPENDING SAVINGS IN BUDGET RESOLUTION BY SENATE COMMITTEE [1]

[In millions of dollars]

| Senate committee/function/program | FY 1987 | | FY 1988 | | 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| Agriculture, Nutrition, and Forestry: | | | | | | |
| 300: Forest Service fees | −10 | −10 | −12 | −12 | −17 | −17 |
| 350: Tobacco program improvements | −70 | −70 | −230 | −230 | −290 | −290 |
| 450: Rural development insurance fund loan asset sales | −55 | −55 | −49 | −49 | −43 | −43 |
| Subtotal | −135 | −135 | −291 | −291 | −350 | −350 |
| Armed Services: | | | | | | |
| 270/950: Sell the Naval Petroleum Reserve | | | −1,623 | −1,579 | | |
| 050: Third-party reimbursement | −16 | −16 | −73 | −73 | −123 | −123 |
| Subtotal | −16 | −16 | −1,696 | −1,652 | −123 | −123 |
| Banking, Housing, and Urban Affairs: | | | | | | |
| 370: Rural housing insurance fund | −794 | −394 | −722 | −948 | −634 | −511 |
| 450: CDBG Section 108 | −58 | −56 | −104 | −94 | −131 | −106 |
| 500: College housing loans | | −290 | | −135 | | |
| Subtotal | −852 | −740 | −826 | −1,177 | −765 | −617 |
| Commerce, Science, and Transportation: | | | | | | |
| 300: National Oceanic Atmospheric Administration map and chart fees | −20 | −20 | −24 | −24 | −24 | −24 |
| 370: Federal Communications Commission | −30 | −30 | −36 | −36 | −35 | −35 |
| 400: Boat safety | | −5 | | −3 | | −1 |

## Table 2—Continued

[In millions of dollars]

| Senate committee/function/program | FY 1987 | | FY 1988 | | 1989 | |
|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O |
| 400: Pipeline user fees | −8 | −8 | −8 | −8 | −9 | −9 |
| Subtotal | −58 | −63 | −68 | −71 | −68 | −69 |
| Energy and Natural Resources: | | | | | | |
| 270: Uranium supply and enrichment activities | | | | −21 | | −36 |
| 300: U.S. Geological Survey | −25 | −25 | −25 | −25 | −25 | −25 |
| 300: Forest Service fees | −10 | −10 | −12 | −12 | −17 | −17 |
| 300: National Park Service fees | −25 | −25 | −28 | −28 | −38 | −38 |
| 950: Outer Continental Shelf | −364 | −364 | | | | |
| Subtotal | −424 | −424 | −65 | −86 | −80 | −116 |
| Contributions: | | | | | | |
| 270/600: Recoup oil overcharge payments | | +943 | | +858 | | +664 |
| Environment and Public Works: | | | | | | |
| 270: Nuclear Regulatory Commission fees | −81 | −81 | −87 | −87 | −92 | −92 |
| 400: Federal-aid highways | −2,530 | | −2,990 | −775 | −3,470 | −1,150 |
| Subtotal | −2,611 | −81 | −3,077 | −862 | −3,562 | −1,242 |
| Finance: | | | | | | |
| 300: Navigation user fees | | −190 | | −208 | | −226 |
| 550: Medcaid | | −260 | | −662 | | −1,182 |
| 570: Medicare | | −2,382 | | −4,050 | | −5,750 |
| 600: Pension Benefit Guaranty Corporation fund | | −217 | | −236 | | −138 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 600: Rail industry pension fund | | −100 | | | | |
| 800: Customs user fees | | −520 | | −525 | | −530 |
| 850: General revenue sharing | | −3,372 | | −4,567 | | −4,567 |
| Subtotal | | −7,041 | | −10,248 | | −12,393 |
| **Revenues:** | | | | | | |
| Unspecified revenue increase | | +19,300 | | +27,600 | | +29,800 |
| **Governmental Affairs:** | | | | | | |
| Civil service retirement reform [2] | | −1,255 | | −2,305 | | −2,560 |
| 050/920: Civilian agency pay raises/3–month delay | | −658 | | −708 | | −742 |
| 920: Delay within-grades | | −250 | | −590 | | −804 |
| 920: 2,087–hour workyear | | −158 | | −163 | | −169 |
| 550: Federal employees health benefits program | | −282 | | −5 | | −100 |
| Subtotal | | −2,603 | | −3,771 | | −4,375 |
| **Labor and Human Resources:** | | | | | | |
| 500: Higher education facilities loans | | | | −22 | | −9 |
| 500: Guaranteed student loans | −230 | −205 | −480 | −435 | −612 | −602 |
| Subtotal | −230 | −205 | −480 | −457 | −612 | −611 |
| **Small Business:** | | | | | | |
| 370: SBA business loans | −522 | −492 | −616 | −559 | −937 | −847 |
| 450: SBA disaster loans | −213 | −356 | −450 | −572 | −391 | −627 |
| Subtotal | −735 | −848 | −1,066 | −1,131 | −1,328 | −1,474 |
| **Veterans Affairs:** | | | | | | |
| 700: Veterans medical care | −356 | −356 | −473 | −473 | −512 | −512 |
| Total reconciled spending savings | −5,407 | −12,502 | −8,030 | −20,207 | −7,383 | −21,865 |
| Total reconciled revenue increases | | +19,300 | | +27,600 | | +29,800 |
| Total reconciled contributions | | +943 | | +858 | | +664 |

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[1] Savings exclude spending offsets and outyear increases. [2] This recommendation affects functions 050, 600, 650, 920, and 950.

## Table 3

### DETAIL OF RECONCILIATION CREDIT SAVINGS IN BUDGET RESOLUTION BY SENATE COMMITTEE [1]

[In millions of dollars]

| Committee/function/program | FY 1987 | | FY 1988 | | FY 1989 | |
|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DL | LG |
| Labor and Human Resources: | | | | | | |
| 500: Guaranteed student loans | −41 | −235 | −60 | −15 | −139 | |
| Small Business: | | | | | | |
| 370: SBA business loans | −489 | | −669 | | −699 | |
| 450: SBA disaster loans | −516 | | −822 | | −856 | |
| Subtotal | −1,005 | | −1,491 | | −1,555 | |
| Total credit reconciliation | −1,046 | −235 | −1,551 | −15 | −1,694 | |

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[1] Savings exclude out-year increases.

# Chapter VI. VIEWS AND ESTIMATES OF SENATE COMMITTEES

Section 301(d) of the Congressional Budget Act calls on the committees of the Senate and House to report to their respective Budget Committees by February 25 of each year their views and estimates of budget requirements for matters within their jurisdictions to assist the Budget Committees in preparing the budget resolution.

Following is the letter sent by the Budget Committee to the other committees of the Senate requesting their views, together with the responses received.

PETE V. DOMENICI, NEW MEXICO, CHAIRMAN

WILLIAM L. ARMSTRONG, COLORADO
NANCY LANDON KASSEBAUM, KANSAS
RUDY BOSCHWITZ, MINNESOTA
ORRIN G. HATCH, UTAH
MARK ANDREWS, NORTH DAKOTA
STEVEN D. SYMMS, IDAHO
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GARY HART, COLORADO
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DONALD W. RIEGLE, JR., MICHIGAN
DANIEL PATRICK MOYNIHAN, NEW YORK
J. JAMES EXON, NEBRASKA
FRANK R. LAUTENBERG, NEW JERSEY

STEPHEN BELL, STAFF DIRECTOR
RICHARD N. BRANDON, MINORITY STAFF DIRECTOR

**United States Senate**
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510

February 13, 1986

Honorable
Chairman
Committee on
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

We are writing about the report your committee is preparing pursuant to section 301(d) of the Congressional Budget Act. Copies of section 301(d), and sections 301(a) and 301(b) which relate to it, are enclosed for your information.

This report is due on February 25, under the terms of the Balanced Budget and Emergency Deficit Control Act (commonly known as Gramm-Rudman-Hollings). It is the same report that in previous years was due on March 15.

We need your input as we prepare a budget plan for the consideration of the full Senate, and your report is the primary means through which your committee participates in that process. Your report is particularly important this year because, under the terms of Gramm-Rudman-Hollings, it is necessary for Congress to adopt a budget plan for fiscal year 1987 that does not exceed a deficit of $144 billion. A deficit of that size, though very large, is considerably below the deficit that would result if current federal programs were continued unchanged.

We ask that your report contain three main elements, each covering the five-year period of fiscal years 1987-1991.

-- Your recommendations for the total level of federal spending (both budget authority and outlays) for programs under your committee's jurisdiction, including those for which annual appropriation action is required, focusing on increases or decreases that you propose from current services levels.

-- Your recommendations for the total level of federal credit (new direct loan obligations and new primary loan guarantee commitments) for programs under your committee's jurisdiction (if any), including those for which limitations have been set in appropriation acts, again focusing on increases or decreases that you propose from current services levels.

-- Your position on each of the President's major budget reduction proposals for fiscal years 1987-1991 that falls under your committee's jurisdiction; specifically, whether your committee (a) supports the proposal, (b) opposes the proposal, or (c) supports a modified form of the proposal.

Although this report is directed at the fiscal year 1987-1991 period, we would also appreciate your recommendations regarding fiscal year 1986, including your comments on any additions or reductions the President has proposed beyond the post-sequester funding levels.

We are enclosing a sample format for your use in preparing your report. This format is similar to that which the Budget Committee has requested in earlier years. It focuses solely on any increases or decreases that you wish to propose from current services levels, and your comments on the President's budget reduction proposals.

The enclosed format provides for the minimum information necessary for our budget resolution deliberations. You may of course provide additional material in support of your recommendations if you wish. We would also be pleased to receive your comments on any other aspects of the budget in which you feel your committee has an interest.

Our staff will be sending to your staff three listings (two if you do not have credit programs) that have been prepared by the Congressional Budget Office, which may be helpful to you in preparing your report:

-- A listing of current federal spending programs that are under your committee's jurisdiction (both programs for which your committee has jurisdiction over authorizing legislation and programs under your committee's direct spending jurisdiction). The listing provides budget authority and outlay estimates for each budget account for each of the fiscal years 1986-1991, assuming no policy changes (this is the current services spending baseline).

-- A listing of current federal credit programs authorized by legislation under your committee's jurisdiction (both programs whose activity is limited in appropriation acts and programs whose activity is constrained only by authorizing statutes). The listing provides CBO's estimates of new direct loan obligations and new primary loan guarantee commitments for each budget account, assuming no policy changes (this is the current services credit baseline).

-- A listing of all legislation with budgetary impact under your committee's jurisdiction that will be expiring between now and September 30, 1991.

We are enclosing for your information a copy of the economic forecast upon which the CBO budget projections are based. You should use this forecast in preparing your report. If we subsequently adopt a different forecast, or if the CBO subsequently finds it necessary to change estimates of caseload or spendout rates, we will make any necessary technical adjustments in the projections you submit.

We look forward to working with you and your committee in this joint effort to develop the Congressional Budget Resolution for fiscal year 1987. Our staff will be contacting your staff to offer any further assistance that may be helpful to you.

Sincerely,

Lawton

Lawton Chiles
Ranking Minority Member

Pete

Pete V. Domenici
Chairman

Enclosures

cc: Honorable
Ranking Minority Member

JESSE HELMS, NORTH CAROLINA, CHAIRMAN

BOB DOLE, KANSAS
RICHARD G. LUGAR, INDIANA
THAD COCHRAN, MISSISSIPPI
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TOM HARKIN, IOWA

**United States Senate**

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510

February 25, 1986

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter constitutes the report of the Committee on Agriculture, Nutrition, and Forestry on the budget for fiscal year 1987 as required by section 301(d) of the Congressional Budget Act of 1974.

The Committee's views and recommendations on the budget for fiscal year 1987 are predicated upon the urgent need for budgetary restraint, particularly in view of the budget deficit targets mandated by the Balanced Budget and Emergency Deficit Control Act of 1985, while providing adequate support for producers of the Nation's food supply and ensuring that needy households receive adequate food assistance via domestic food assistance programs. The Committee notes that programs under its jurisdiction may be subject to potentially drastic across-the-board reductions if Congress fails to enact a budget plan in accordance with the so-called Gramm-Rudman-Hollings legislation.

The President's proposed budget for fiscal year 1987 includes a number of proposals that would reduce both outlays and budget authority for programs under the jurisdiction of the Committee. The Administration seeks major reductions in lending program levels in the rural development, community development, and farm ownership areas. Substantial funding reductions are proposed for the Cooperative Extension Service, Rural Electrification Administration, Federal Crop Insurance Corporation, Animal and Plant Health Inspection

Service, and child nutrition programs. In accordance with provisions of the Food Security Act of 1985, net outlays of the Commodity Credit Corporation are estimated to decrease.

Many of the proposals are not sufficiently detailed at this time to permit adequate evaluation. A number of these proposals will likely be considered by the Committee.

### a. Food Stamp and Child Nutrition Programs

The Committee continues to closely observe the costs of the food stamp program. The Committee concurs with the Administration's estimate that, due to economic growth in the Nation and reduced unemployment, participation in the food stamp program during fiscal year 1987 will decline from fiscal year 1986 levels.

In addition to reduced program participation, the President's budget request anticipates savings of $350.3 million based on several program changes. States would be held fully liable for erroneously-issued benefits above a five-percent tolerance level. Rules regarding the treatment of cash utility assistance would be made consistent with those governing assistance provided through vouchers. Job Training Partnership Act participants would be required to count stipends under the JTPA program as income. The state administrative funding formula would be amended, and states would be required to implement a universal work requirement for employable applicants and recipients. Several provisions expanding program eligibility for food stamps in the Food Security Act of 1985, including an increase in the assets limit, an increase in the earnings deduction, and liberalization of the dependent care and excess shelter deductions, would be repealed effective May 1, 1986.

The President's budget request for child nutrition programs includes several proposals to achieve spending reductions of $775 million below the fiscal year 1987 current law estimate. The major legislative proposal is the elimination of cash and commodity subsidies for meals served to children from families with income exceeding 185 percent of the poverty level who participate in the school lunch, school breakfast, and child care food programs. In addition, revisions would be made in reimbursement rates in the summer food service program. The nutrition education and training program and the special fund for state child care food program audits would be eliminated. State administrative expenses would be offset by the amount of carryover from the previous fiscal year in 1987.

Members of the Committee are generally supportive of tailoring program benefits under the food stamp and child nutrition programs to best meet the needs of individuals. However, the Committee notes that some of the legislative proposals accompanying the President's budget request in this area have been recommended, but not adopted, in the past.

b. Commodity Credit Corporation

The President's budget request anticipates a reduction of $4.2 billion (21 percent) in net outlays for commodity programs. This cost saving, however, would be achieved without changes in the farm programs as determined by the Food Security Act of 1985 and will require no further action by Congress. The reduction of $4.2 billion is due principally to lower loan rates authorized by the Food Security Act and advance deficiency payments for the 1986 crop.

The Committee believes that the outlay figures in the President's budget for the commodity programs are appropriate, based on current supply and demand conditions. Unanticipated changes in the commodity markets or in the administration of the commodity programs could result in increased or decreased actual net outlays for fiscal year 1987.

c. Farmers Home Administration Lending Programs

The President's budget for fiscal year 1987 proposes termination of the Farmers Home Administration's farm ownership and rural development programs. These proposed terminations reflect the Administration's intent to target available resources to farmers in need of credit assistance for annual operating expenses. Further, these proposals will reduce Federal credit outlays and shift much of the responsibility for non-farm rural development programs to sources other than the Federal Government.

Funding priorities in the President's budget are to provide for the immediate need of short-term credit for farm borrowers rather than lending for real estate acquisitions or community facility projects. Therefore, funding would be increased for both insured and guaranteed farm operating loans. This would be accomplished through the termination of the farm ownership loan program and the rural development grant and loan programs.

The President's budget places greater emphasis on the guaranteed farm operating loan program, as opposed to the subsidized direct lending program. This approach will enable the FmHA to work with private-sector lenders in providing access to credit for many borrowers. To complement the cooperative farm credit effort between the Federal Government and private lenders in the guaranteed lending program, the three-year, $490 million interest rate buy-down program, authorized in the Food Security Act of 1985, is included in the budget.

Although the Committee is concerned about the potential adverse effect on farm borrowers of reduced outlays for some FmHA programs, the Committee is encouraged that the President's budget emphasizes the goal of providing sufficient credit to enable viable farmers to stay in business.

d. Rural Electrification and Telephone Programs

The Committee believes that residents of rural areas should have access to a comparable level of telephone and electric service as urban residents. Therefore, the Committee believes that any reductions in the Rural Electrification Administration loan programs should be carefully considered. The reductions proposed in the President's budget may impair the ability of rural areas to obtain adequate electric and telephone services at affordable costs.

e. Soil and Water Conservation Programs

The President's budget includes funding to implement the Conservation Reserve Program, as authorized by the Food Security Act of 1985. Existing financial assistance and cost share programs in the Soil Conservation Service and the Agricultural Stabilization and Conservation Service would be discontinued. The Committee is concerned that reductions in these programs be tailored so as to minimize any adverse effects on farm productivity and assure the future productivity of American agriculture.

f. Animal and Plant Health Protection Programs

The Committee believes that there should be no reductions that will adversely affect the operation of Federal animal and plant health programs.

g. Food Safety and Inspection Service

The Committee believes that there should be no reductions or legislative changes that would adversely affect the operation of the Food Safety and Inspection Service.

h. Cooperative Extension Service

The President's budget proposes a 58 percent reduction in Federal funding for activities of the Cooperative Extension Service. The Committee believes that there should be no reductions that would impair programs designed to assist farm and ranch families in dealing with financial stress.

i. Export Promotion Programs

The President's budget includes proposals to impose a 5 percent origination fee on export credit guarantees and to reduce the mandated level of export credit guarantees from $5 billion to $3 billion. In view of recent declines in the Nation's agricultural exports, the Committee is concerned that, if enacted, these legislative proposals could impair the development and expansion of markets for United States agricultural exports. For the same reason, the proposed reductions in the Foreign Agricultural Service market development cooperator program is also a matter of concern to the Committee.

### j. General Farm Economy

The Committee recognizes the continued economic difficulties facing the Nation's farm and ranch economy. After a year of record crop production and continued declines in export sales, stocks are excessive and prices are depressed. The Committee hopes that the situation will improve.

In view of the continued financial stress faced by many of the Nation's farmers, the Committee strongly supports providing the necessary funds to the Commodity Credit Corporation to enable the Corporation to carry out its responsibilities for the entire fiscal year. Every effort must be made to provide adequate assistance to the Nation's farmers, consistent with the need for prudent fiscal restraint.

It must be recognized that continuing economic stress in the farm economy may require increased outlays in some programs. In this regard, the Committee believes that the budget adopted by Congress must consider the possible need for Federal funds for the Farm Credit System.

### k. Multiyear Budget Estimates

The Committee recognizes the importance placed on multiyear budget estimates by the Committee on the Budget. However, three-fourths of the budget under our Committee's jurisdiction is for farm income stabilization and food assistance programs for which qualification has been established in law. To make budget estimates through fiscal year 1991 for these programs, our Committee would need to make assumptions well into the future about weather patterns, world production of agricultural products, farm commodity prices, and the general economy, including inflation rates and unemployment levels. Because these variables cannot be forecast with any degree of accuracy, such projections are not within the scope of the resources available to the Committee.

The Committee, therefore, believes that its multiyear estimates would be too tentative to be useful to the budget process. However, the Committee notes that the Congressional Budget Office is prepared to make such multiyear estimates for these and other programs.

Sincerely,

Jesse Helms

JESSE HELMS
Chairman

EDWARD ZORINSKY
Ranking Minority Member

# VIEWS

OF THE

# Committee on Appropriations

# United States Senate

ON THE

# CONCURRENT RESOLUTION ON THE BUDGET

FISCAL YEAR 1987

February 1986

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## INTRODUCTION

This report sets forth the views and estimates of the Committee on Appropriations on the fiscal year 1987 budget, and is submitted in accordance with section 301(d) of the Congressional Budget Act of 1974, as amended.

The President's fiscal year 1987 budget totals $1,102,000,000,000 in budget authority and $994,000,000,000 in outlays. Of these amounts, total budget authority within this Committee's jurisdiction is $566,900,000,000 in budget authority and $561,600,000,000 in outlays, based on the President's budget estimate. CBO baseline levels for fiscal year 1987—which are based on the continuation of current spending actions—are $576,600,000,000 in budget authority and $576,500,000,000 in outlays for programs and activities under the jurisdiction of this Committee.

Fiscal year 1987 spending recommendations contained in this report are at best preliminary. The President's budget request was transmitted to the Congress only 21 days ago and the subcommittees have just begun hearings to evaluate administration proposals under their jurisdictions. In addition, the President has transmitted to the Congress 77 new rescission proposals totaling $9,900,000,000 in budget authority and a total of $22,800,000,000 in deferrals (27 new deferrals of budget authority totaling $15,200,000,000 and 15 revised deferrals of budget authority totaling $7,700,000,000). Subcommittees have only begun to assess these fiscal year 1986 proposals, along with impact of the fiscal year 1986 sequester which becomes effective on March 1, 1986, under the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177). A detailed account-level analysis must occur before this Committee can reach final recommendations on fiscal year 1987 funding levels.

For these reasons, the Committee presents "low-range" and "high-range" estimates of spending required in fiscal year 1987 for the 13 appropriation bills under the Committee's jurisdiction. The Committee emphasizes that these estimates are given only to provide preliminary guidance to the Budget Committee in its work on a fiscal year 1987 budget resolution.

The Committee notes that the President's budget request, in many cases, is predicated on actions outside the control of the appropriations process, including changes in substantive law and administrative actions.

The Committee recommends $589,500,000,000 in budget authority for programs and activities within this Committee's jurisdiction in fiscal year 1987. This is the Committee's "low-range" estimate.

The Committee recommends $610,200,000,000 in budget authority as its "high-range" spending estimate. This, of course, does not include unforeseen contingencies and requirements that may arise during the forthcoming fiscal year.

The Committee feels that the range encompassed by these two levels represents a realistic estimate of the Committee's spending requirements at this time. Confronted with the need to substantially reduce the Federal deficit, the Committee reiterates its continued commitment to achieving the greatest level of budget savings possible.

The Committee notes that it has not provided outlay estimates in this report. This is not possible given that CBO's reestimate of the President's budget becomes available in the final week of February.

The following table shows the Committee's recommendations by subcommittee:

FISCAL YEAR 1987

[In billions of dollars]

| Subcommittee | CBO baseline |  | President's request |  | Low estimate |  | High estimate |  |
|---|---|---|---|---|---|---|---|---|
|  | Budget authority | Outlays | Budget authority | Outlays[1] | Budget authority | Outlays[2] | Budget authority | Outlays[2] |
| Agriculture[3] | 30.9 | 25.7 | 29.4 | 23.6 | 32.2 |  | 33.6 |  |
| Commerce—Justice—State—Judiciary | 12.4 | 12.9 | 15.9 | 15.4 | 12.6 |  | 16.7 |  |
| Defense | 285.6 | 269.3 | 302.3 | 268.1 | 299.0 |  | 302.3 |  |
| District of Columbia | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |  | 0.7 |  |
| Energy and Water Development | 15.2 | 15.3 | 15.9 | 15.8 | 15.2 |  | 16.5 |  |
| Foreign Assistance | 15.5 | 11.9 | 15.5 | 14.8 | 15.0 |  | 15.5 |  |
| HUD—Independent Agencies | 61.1 | 63.4 | 43.2 | 57.0 | 56.5 |  | 62.6 |  |
| Interior | 8.1 | 8.9 | 6.4 | 7.7 | 8.0 |  | 8.4 |  |
| Labor, Health and Human Services, and Education | 112.7 | 118.5 | 105.1 | 114.3 | 113.7 |  | 115.4 |  |
| Legislative | 1.6 | 1.6 | 1.8 | 1.8 | 1.8 |  | 1.8 |  |
| Military Construction | 8.4 | 7.9 | 10.1 | 7.1 | 9.0 |  | 10.1 |  |
| Transportation | 10.5 | 26.3 | 7.0 | 25.2 | 10.8 |  | 11.0 |  |
| Treasury, Postal Service, General Government | 13.0 | 13.1 | 12.9 | 12.8 | 14.3 |  | 14.6 |  |
| Not assigned to subcommittee | 1.0 | 1.1 | [4]0.8 | 0.8 | [4]0.8 |  | [4]1.0 |  |
| Grand total, appropriations | 576.6 | 576.5 | 566.9 | 561.6 | 589.5 |  | 610.2 |  |

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[1] OMB estimates of outlays from new BA and prior-year enacted.

[2] CBO estimates of the President's budget are not available.

[3] Excludes Commodity Credit Corporation.

[4] Includes additional pay supplemental requirements for non-DOD personnel if 3 percent cost-of-living adjustment is not eliminated

## AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

### FISCAL YEAR 1987 SPENDING ESTIMATES

*CBO baseline.*—The Farmers Home Administration's Agricultural Credit Insurance Fund (function 350) is reimbursed based on actual losses from 2 years prior. Losses to this fund in fiscal year 1985 amounted to $2,440,203,000. However, the CBO baseline includes only $1,932,000,000. Therefore, in order to fully fund this reimbursement, an additional $508,203,000 would be required in addition to the baseline.

*International affairs (150).*—The President's budget proposes a $79,000,000 reduction in budget authority for the Public Law 480 Program. If the Committee does not concur, a corresponding increase to the President's budget would be required.

*Energy (function 270).*—The reimbursement account for losses of the Rural Electrification and Telephone Revolving Fund is scheduled for deletion under the President's budget. The 1986 appropriation was $100,000,000. The President has also requested a rescission of that $100,000,000.

*Natural resources and environment (function 300).*—The budget proposes elimination of all existing financial assistance and cost-share programs in the Soil Conservation Service [SCS] and the Agricultural Stabilization and Conservation Service [ASCS]. The President has also requested fiscal year 1986 rescissions in the amount of $222,217,000 in the conservation programs of the SCS and ASCS. If the Committee does not agree with the reductions and desires to restore the conservation programs to the 1986 appropriated levels, an additional $400,000,000 will be required for fiscal year 1987.

*Agriculture (function 350).*—For research and extension programs, the President's budget proposes a $190,000,000 reduction from the post-sequester fiscal year 1986 levels, including elimination of several research and extension programs. If the Committee does not concur, and if the Committee chooses to restore the accounts to the presequester 1986 levels, a total of $218,000,000 over the President's budget will be required for fiscal year 1987.

For marketing and inspection programs, the President's budget proposes a $50,000,000 reduction in major pest and disease control programs, and an additional $68,000,000 would be reduced under proposed legislation. If the account is restored to presequester levels, an additional $14,000,000 would be necessary. Therefore, if the Committee restores the cuts in appropriations and if legislative action is not taken, an additional $132,000,000 would be required.

For the Federal Crop Insurance Corporation, the 1987 budget under proposed legislation includes $125,000,000 for administrative and operating expenses and $103,000,000 for premium subsidy. Under existing legislation, $240,000,000 and $124,000,000, respectively, would be needed for continuing the program.

The Temporary Emergency Food Assistance Program [TEFAP] is eliminated in the President's budget. If the Committee does not concur, an additional $50,000,000 will be needed.

Although the funding for conservation programs is included under another budget function, the "Salaries and expenses" account of the Agricultural Stabilization and Conservation Service [ASCS] is included in this function. If the conservation cost-sharing programs of ASCS are restored, an additional $53,000,000 would be needed in function 350.

The Commodity Credit Corporation supplemental request would add approximately $7,300,000,000 in budget authority to the fiscal year 1986 baseline.

The Agricultural Stabilization and Conservation Service salaries and expenses supplemental request would increase that account by $72,000,000.

*Community and regional development (function 450).*—The Water and Waste Disposal Grant Program is proposed for elimination under the President's budget. Restoration of this program would require an additional $115,000,000.

Also proposed for elimination is the purchase of capital stock of the rural telephone bank ($30,000,000).

*Health (function 550).*—The budget for the Food and Drug Administration included $26,000,000 to be derived from user fees. There is some dispute as to whether implementation of these fees would require specific authorizing legislation. If user fees are not approved, this amount would be required to be added to the budget request of $423,600,000.

*Income security (function 600).*—For Food Stamps and Child Nutrition Programs, the President's budget proposes substantial legislative changes. If such legislation is not enacted, an additional $1,088,000,000 will be necessary to fund these mandatory programs. (The proposed legislation would also supposedly save $69,000,000 in fiscal year 1986.)

The President's budget proposes elimination of Farmers Home Administration housing programs, including, for instance, housing repair grants for the elderly. Restoration of these programs to the presequester 1986 level would require an additional $51,000,000. Rural rental assistance payments are also proposed to be eliminated. Restoration of this program would require $175,000,000.

The President has also requested a 1986 rescission of $5,183,000 for the Elderly Feeding Program. This would result in a reduction of the reimbursement rate from approximately 63 cents to 52 cents per meal.

## FISCAL YEAR 1987 CREDIT ESTIMATES

*CBO baseline.*—The subcommittee intends to further explore the CBO baseline for the Agricultural Credit Insurance Fund of the Farmers Home Administration. Some discrepancies have arisen in the fiscal year 1986 and 1987 numbers.

*International affairs (function 150).*—Public Law 480 titles I/III concessional sales are proposed to be reduced by $120,000,000 from the presequester 1986 levels. If the Committee chooses to maintain this program at traditional levels, a corresponding increase to the President's budget would be required.

*Energy (function 270).*—The loan programs of the Rural Electrification and Telephone Revolving Fund are proposed to be phased out by 1990. Legislation is being proposed to increase the interest rate on loans from 5 percent to the cost of Treasury borrowings plus 1¼ percent, and to restrict available assistance to financially weak borrowers. Further, the supplemental financing requirements will be increased, and a 5-percent fee on direct loans is proposed to be charged. If these legislative proposals are not enacted, loan demand is not likely to be reduced to the levels in the President's budget. Restoration to the presequester 1986 levels would require an additional $465,000,000 in direct lending authority.

Federal Financing Bank direct loans which are guaranteed by REA would also be affected by some of the legislative proposals. Restoration of these programs would require an additional $708,000,000 in loan authority.

*Agriculture (function 350).*—Agricultural Credit Insurance Fund levels were included in both the continuing resolution and the Food Security Act of 1985, the farm bill. At this time, the levels in the farm bill are being followed, and it appears that these amounts will be inadequate. The appropriated levels for 1986 were $3,968,000,000 for insured loans (including an estimate of $800,000,000 for emergency loans) and $1,956,000,000 for guaranteed loans. There is a legislative proposal to eliminate farm ownership and emergency disaster loans.

*Commerce and housing credit (function 370).*—The President's budget proposes elimination of the rural housing programs of the Farmers Home Administration, which have already been reduced by over 37 percent from the fiscal year 1985 levels. If the Committee chooses not to eliminate these programs, an additional $2,128,000,000 would be required.

In addition, the Administration has proposed a rescission of $700,000,000 in the form of a supplemental budget request for fiscal year 1986.

*Community and regional development (function 450).*—The budget request would eliminate the Water and Waste Disposal direct loan program as well as the Community Facility direct loan program of the Farmers Home Administration. If the Committee does not concur, an additional $440,000,000 will be required. Also proposed for elimination is the Industrial Development guaranteed loan program. Restoration would require $100,000,000.

The limitation on direct loans of the Rural Telephone Bank is proposed to be reduced by $46,000,000 from the 1986 appropriated amount. Restoration would require a corresponding increase to the President's budget.

The Rural Development Loan Fund has been transferred from the Department of Health and Human Services. A rescission of its unobligated balance of $14,000,000 has been proposed. No funding is proposed in the President's budget for fiscal year 1987.

AGRICULTURE—FISCAL YEAR 1987[1]

| | Budget authority | Outlays |
|---|---|---|
| CBO estimate | $30,933,000,000 | $25,674,000,000 |
| President's estimate | [2] 29,400,000,000 | [2] 24,100,000,000 |
| Low appropriation estimate | 32,200,000,000 | 26,900,000,000 |
| High appropriation estimate | 33,600,000,000 | 28,600,000,000 |

[1] Excludes Commodity Credit Corporation.

[2] Does not exclude $603,000,000 in budget authority and $605,000,000 in outlay savings from proposed legislation.

## COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES[1]

The fiscal year 1987 budget estimates for this subcommittee total $15,954,337,000 in new budget authority, compared to an enacted level in fiscal year 1986 of $11,962,558,747 and a sequestration level of $11,458,760,747. If the President's estimates were accepted and proposed program reductions and eliminations were restored in 1987, $16,700,000,000 in new budget authority would be required. However, this assumes the acceptance of the proposal to purchase $2,315,000,000 in Small Business Administration debentures held by the Federal Financing Bank. If this proposal is not accepted, the adjusted program level for current services with the President's requests would require approximately $14,400,000,000 in new budget authority.

### CBO BASELINE

The baseline estimate of the Congressional Budget Office for the appropriation accounts under the jurisdiction of this subcommittee totals $12,356,790,000 in budget authority and $12,860,018,000 in outlays. Apparent discrepancies in the baseline assumptions include:

*Department of Commerce, economic development assistance programs.*—The budget authority baseline for 1986 is $17,000,000 below the actual sequestration level, and the 1987 baseline is $55,000,000 below the 1986 level adjusted for inflation.

*Department of Commerce, National Oceanic and Atmospheric Administration.*—The 1987 baseline does not appear to include $100,000,000 for continuation of the Landsat subsidy. (The President proposes to terminate this subsidy in 1987.)

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[1] In general, numbers are rounded to the nearest million in discussions of baseline adjustments and budget estimates.

*Department of Justice, assets forfeiture fund.*—The budget authority and outlay baselines do not take into account projections of the uncontrollable funding level which will be required to manage seized assets. An additional $5,000,000 would be required for this account.

*Department of Justice, Bureau of Prisons, salaries and expenses.*—CBO's baseline budget authority and outlay estimates do not include the $10,000,000 supplemental appropriation which will be required to support an average daily prison population of 36,569 in fiscal year 1986. Actual inmate population figures are much higher than originally projected. Prison population increases are not subject to the control of the Committee.

*Department of Justice, Bureau of Prisons, buildings and facilities.*—An adjustment of $30,700,000 should be made in CBO's baseline budget authority projection for this account. The baseline estimate assumes acceptance of a pending deferral.

*The judiciary.*—The baseline for all the judiciary accounts does not reflect the use of $25,000,000 in carryover balances to fund the various programs of the judiciary in fiscal year 1986.

*Maritime Administration, operations and training.*—CBO's baseline for this account assumes approval of the administration's proposed deferral of $8,500,000 in fiscal year 1986. An identical deferral proposal was rejected by Congress in fiscal year 1985.

*U.S. Information Agency, salaries and expenses.*—The CBO baseline appears to be understated by $13,000,000.

## FISCAL YEAR 1987 SPENDING ESTIMATES

The President's request includes a number of programmatic reductions proposed in the past, including the following:

−$255,000,000 in National Oceanic and Atmospheric Administration programs;

−$24,000,000 for the Public Telecommunications Facilities Program;

−$200,000,000 for the Economic Development Administration;

−$154,000,000 for State and local grants through the Department of Justice;

−$305,500,000 for the Legal Services Corporation (the Corporation submits its budget to the Congress independent of review by the Office of Management and Budget); and

−$8,000,000 for the State Justice Institute (the State Justice Institute submits its budget directly to the Congress).

Major programmatic enhancements proposed by the administration include:

+$90,000,000 for the Census Bureau to prepare for the decennial census;

+$121,600,000 for Justice legal activities including the Civil, Criminal, Tax, and Land Divisions; U.S. attorneys; U.S. Marshals; and U.S. bankruptcy trustees;

+$121,400,000 for the Federal Bureau of Investigation;

+$47,600,000 for the Drug Enforcement Administration;

+$41,100,000 for the Immigration and Naturalization Service;

+$179,900,000 for the Bureau of Prisons, including funds for three new medium security facilities in the Northeast, Northwest, and Southeast;

+$1,400,000,000 for the diplomatic security initiative of the Department of State;

+$198,000,000 for the judiciary, which is directly related to the increase in Federal judgeships and bankruptcy judges approved by the Congress in 1984;

+$69,000,000 to continue the Radio Facilities Modernization Program of the Board for International Broadcasting (Radio Free Europe/Radio Liberty); and

+$2,315,000,000 for the Small Business Administration to purchase and liquidate debentures held by the Federal Financing Bank.

The administration is also proposing $751,500,000 in supplementals for fiscal year 1986, including $702,000,000 for the State Department diplomatic security initiative. In addition, $351,400,000 in rescission requests are pending.

For fiscal year 1987, the Congressional Budget Office baseline, as adjusted by the Committee, totals $12,603,990,000 for the Subcommittee on Commerce, Justice, and State, the Judiciary and Related Agencies. As noted earlier, the sum of the President's requests and the restoration of programs proposed for reduction or elimination totals approximately $16,700,000,000. Therefore, it is the Committee's view that budget authority will range from $12,600,000,000 to $16,700,000,000 in fiscal year 1987. At this point, it is difficult to judge the outlay range due to the unavailability of estimates from the Congressional Budget Office. If the baseline level is assumed, offsets will be required to fund essentially mandatory increases in the Justice Department and the judiciary. In addition, the Congress will be unable to fund the diplomatic security initiative of the Department of State or other enhancements requested by the administration.

## FISCAL YEAR 1987 CREDIT ESTIMATES

*Department of Commerce, Economic Development Administration.*—The President is proposing the elimination of authority to guarantee loans. In 1986 the Congress provided authority for up to $150,000,000 of contingent liability for loan principal.

*Department of Commerce, International Trade Administration.*—The President is proposing the elimination of direct and guaranteed loans made under the authority of the Trade Adjustment Assistance Program. During 1986 the Congress provided $8,100,000 in direct loan authority and $6,000,000 in guaranteed loan authority. However, the statutory authority for trade adjustment assistance expired in December 1985 and the Commerce Deprtment is seeking a rescission of these funds.

*Department of Commerce, Federal ship financing, fishing vessels.*—The President is proposing appropriations bill language to prohibit commitments to guarantee loans. Commerce has statutory authority to assume $850,000,000 in contingent liability for guaranteed loans. At the end of fiscal year 1985, U.S. contingent liability outstanding was $163,000,000.

*Maritime Administration, Federal ship financing fund.*—The President is proposing appropriations bill language to prohibit commitments to guarantee loans. The Maritime Administration has statutory authority to assume $9,500,000,000 in contingent liability for guaranteed loans. At the end of fiscal year 1985, U.S. contingent liability outstanding was $6,444,000,000.

*Small Business Administration.*—The President is proposing the elimination of all direct and guaranteed loan programs of the Small Business Administration. In fiscal year 1986, the Committee approved appropriations for the Small Business Administration consistent with S. 408 as passed by the Senate and incorporated into the 1986 budget resolution. (The CBO baseline estimates for the subcommittee do not reflect budget authority and outlays associated with the Small Business Investment Co., and section 503 loan programs. These programs are financed through direct disbursements by the Federal Financing Bank [FFB] and were brought on-budget by Public Law 99–177. If these programs are to be crosswalked to the Appropriations Committee, adjustments must be made in the baseline and in the range of budget authority estimates discussed earlier.)

### DEFENSE

The President's request for programs covered by the Defense appropriations bill for fiscal year 1987 budget authority totals $299,032,138,000 and a contingency factor of $3,300,000,000 for the Governmentwide pay raise request to be submitted at a later date. New outlays of $169,314,394,000 are projected by OMB with total estimated outlays to be $264,769,925,000.

Traditionally, the CBO baselines for defense spending have reflected the budget authority agreed upon in the previous year's budget resolution. The fiscal year 1986 resolution provided for the so-called 0–3–3 agreement which stipulated 3-percent real growth in fiscal years 1987 and 1988 following zero real growth in fiscal year 1986. Departing from this tradition, the CBO baseline in fiscal year 1987 is $13,400,000,000 below the level previously agreed to and allows zero real growth from the sequestered 1986 appropriation level.

As such, the Committee recommends a low estimate of $299,032,138,000 and a high estimate of $302,332,138,000 for budget authority for the Defense appropriations bill. The low estimate does not cover the estimated cost of the pay raise for military and civilian personnel. It will be necessary for the Committee to seek the requisite savings to fund the proposed pay raise within the allocation. Real growth in budget authority is approximately 8 percent from the sequestered 1986 appropriation. The Committee believes this level is essential to offset sharply reduced 1986 funding that was 6 percent below the congressional goal. It is also needed to meet national security goals in light of the substantial reductions in the President's defense requests of the past several years.

There is a significant disagreement between CBO and OMB regarding the estimated outlay effect of the President's budget request for defense. CBO believes the OMB outlay estimate of $264,769,925,000 is understated by $13,500,702,000. The OMB estimate is not based on historical spending patterns, but rather on an expectation that defense outlays will be lower because of improved management and the substantial reductions from fiscal year 1986 sequestration. The Committee will be reviewing this matter in its hearings over the next few months to ascertain the validity of the OMB estimate. At this time, the Committee recommends $278,270,627,000, the CBO estimate for outlays, to reflect estimated outlays based on historical averages. If evidence materializes to validate the cost efficiency of proposed management action, the Committee may seek a revision of the outlay projection.

## District of Columbia

### CBO BASELINE

The CBO baseline of $564,894,000 in budget authority and outlays represents current services based on prior year appropriations. It does not take into consideration a $20,000,000 advance appropriation in fiscal year 1987 budget authority for construction of a new prison in the District of Columbia.

The CBO baseline does not include an increase of $19,500,000 included in the President's request for the Federal payment to the District

The format of the baseline presentation makes analysis difficult since it does not conform to that used by the GAO in its report to the President and the Congress of January 21, 1986, specifying budget reductions for fiscal year 1986 (GAO/OCG-86-1).

### FISCAL YEAR 1987 SPENDING ESTIMATES

The President's budget estimates include requests totaling $560,380,000. These amounts appear to be adequate for the purposes for which they were requested.

Not included in this amount is a $20,000,000 advance appropriation for construction of a prison in the District of Columbia during fiscal year 1987.

The President's estimate does not include $24,000,000 in programs included in the CBO baseline for which funds have been included in final appropriations in prior years. The request does include a $19,500,000 increase in the Federal payment that is not included in the CBO baseline as noted earlier.

Neither the President's estimates nor the CBO baseline included expected fiscal year 1986 supplemental requests from the District government totaling $18,500,000. If $15,100,000 of this amount for water and sewer services to the Federal Government is not provided during 1986, the Committee expects to receive a 1987 budget amendment for this amount.

## ENERGY AND WATER DEVELOPMENT

### CBO BASELINE

*Corps of Engineers.*—The CBO baseline estimate of $2,789,900,000 is $280,000,000 below the President's budget request for 1987 and only about $90,000,000 over the 1986 adjusted appropriation. This level of funding would not allow for the continuation of the new construction projects approved in Public Law 99–88, and would provide a $100,000,000 shortfall in the normal operation and maintenance work at Corps of Engineers' facilities, thereby affecting port and channel dredging, and lock and dam maintenance and rehabilitation.

In addition, the President's budget proposes 19 additional new construction projects, and it is anticipated that enactment of a major water resources authorization bill will increase spending to some extent. No additional studies or projects could be accommodated at the baseline level without a major impact on ongoing activities.

*Bureau of Reclamation.*—For the Bureau of Reclamation, CBO's baseline estimate provides $775,500,000, which is $76,000,000 below the amount requested in the President's 1987 budget. At the CBO level of funding, the reduction of $50,000,000 would cause construction schedules to be stretched out and few if any new contracts would be awarded on ongoing projects. Similarly, the CBO level of $130,000,000 for operation and maintenance is only a 2.8-percent increase and could adversely impact replacement and extraordinary maintenance items on ongoing projects.

*Department of Energy.*—Under the CBO baseline estimate, funding for Department of Energy activities would total $11,017,000,000 for fiscal year 1987 as compared to $10,425,000,000 for 1986 and $11,483,000,000 proposed in the budget request. The baseline reflects a proposed increase in funding for nondefense activities and a substantial reduction in atomic energy defense activities. The baseline, a 2-percent increase over current levels, provides $7,383,000,000 for energy defense activities. This level is about $850,000,000 below the President's budget request, which calls for a 14-percent increase over current fiscal year 1986 levels.

For nondefense energy activities within the Department of Energy, the CBO baseline includes $3,634,000,000 from the energy supply and general science functions, as compared to $3,253,000,000 in the budget request. Nevertheless, there is a need for additional budget authority to carryout the activities proposed in the President's request. If Congress supports the general science research request, an additional $90,000,000 is required. Another $70,000,000 over the CBO baseline would be needed to support the budget request for the Nuclear Waste Disposal Program. Depending on the availability of a transfer of funds from the "Uranium enrichment" account, additional budget authority may be needed for the $1,900,000,000 program level requested in the President's budget for energy supply, research and development.

*Independent agencies.*—The CBO baseline estimate for independent agencies, namely the Appalachian Regional Commission, the Tennessee Valley Authority, and the Nuclear Regulatory Commission is sufficient to continue these activities into fiscal 1987. The level of $641,100,000 provided by the CBO baseline is $177,300,000 above the President's 1987 budget request.

### FISCAL YEAR 1987 SPENDING ESTIMATES

*Corps of Engineers.*—Funding for water resource development activities of the U.S. Army Corps of Engineers is $3,070,000,000, an increase of 14 percent over the Gramm-Rudman adjusted levels for fiscal 1986. The increases come in two main areas—construction, and operation and maintenance work. The request for construction activities is $200,000,000 over the 1986 level as a result of the decision made in the 1985 supplemental bill to go forward with construction on 41 new water projects. The completion of several new projects and the continued aging of older projects will require $150,000,000 more in 1987 than was provided in 1986 for operation and maintenance activities.

*Bureau of Reclamation.*—The fiscal year 1987 request for the Bureau of Reclamation totals $851,200,000, $107,000,000 more than the 1986 adjusted level of appropriations. The increase is primarily for continuation of ongoing construction projects ($78,000,000) and increased operational and maintenance activities associated with completed projects ($23,000,000).

*Department of Energy.*—The fiscal year 1987 budget request for the Department of Energy proposes a substantial increase over the 1986 levels from $10,425,000,000 to $11,483,000,000. Most of the increase in energy activities is due to the additional $998,000,000, a 14-percent increase, which is proposed for atomic energy defense activities. Within the energy defense area, there are substantial increases for research, development, and testing of nuclear warhead concepts including the nuclear portion of the strategic defense initiative, as well as large increases in nuclear weapons materials production and defense waste management activities. In addition, there may be a fiscal year 1986 supplemental request for atomic energy defense activities which could increase budget outlays in both fiscal year 1986 and fiscal year 1987.

For nondefense energy activities, the total budget request of $3,250,000,000 is approximately the same as the fiscal year 1986 appropriation of $3,193,000,000. There are substantial differences from last year, however, within this total amount. Increases are proposed for general science research (+$117,000,000) and the nuclear waste disposal fund (+$270,000,000). In contrast, the request for energy supply, research and development is $1,254,162,000 in new budget authority or a reduction of $442,000,000 from 1986 levels. The proposed program level for this account, however, is $1,900,000,000 with some $620,000,000 of activities funded through fiscal year 1986 deferrals and a transfer from the "Uranium enrichment" account. If the Congress continues support for solar and renewables, nuclear fission, magnetic fusion, basic energy research and development and other activities in this account, there will be a need for an additional amount of budget authority. Depending on the amount available for transfer from the "Uranium enrichment" account, the new budget authority requirement would be up to $620,000,000.

The fiscal year 1987 budget assumes deferral of $710,000,000 of the fiscal year 1986 energy and water development appropriations to the Department of Energy; $65,000,000 of this deferral is for congressional increases for solar and renewable programs and the university research facilities; $584,000,000 in reductions to the uranium enrichment centrifuge and gaseous diffusion programs; and $59,000,000 in funds for the power marketing administrations which the administration considers unnecessary to reach the fiscal year 1986 objectives.

The budget assumes the sale of the Power Marketing Administrations. The budget is predicated on the sale requiring substantive legislation and revenues are reflected beginning in fiscal year 1988. The budget also assumes the passage of legislation requiring a revision in the Power Marketing Administration ratemaking process. If enacted, this would represent an increase in revenues of $170,000,000 in fiscal year 1987. The revenues are not used by the agency to offset expenses, therefore, there would not be a change in the requested appropriation.

*Independent agencies.*—As in previous years, the President proposes to terminate the Appalachian Regional Commission, including the Highway Development Program; and has proposed major (50 percent) reductions in the funding for the Tennessee Valley Authority. In light of past congressional action, it appears that up to $130,000,000 of additional budget authority could be needed for these programs in 1987.

[In billions of dollars]

| | |
|---|---|
| CBO baseline | 15.2<br>(15.3) |
| President's budget | 15.9<br>(15.8) |
| Low appropriation estimate | 15.2 |
| High appropriation estimate | 16.5 |

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# FOREIGN OPERATIONS

### INTRODUCTION

Programs funded by the Foreign Operations Subcommittee encompass the bulk of U.S. foreign assistance programs, multilateral and bilateral, economic and military. Included in these programs are such widely divergent activities as the Peace Corps, the World Bank, military assistance to countries with which we have base rights and access agreements, and international narcotics control programs.

### FISCAL YEAR 1987 REQUEST

The administration's fiscal year 1987 request for programs under the jurisdiction of the Foreign Operations Subcommittee nearly equal what the administration requested for fiscal year 1986, excluding requested new programs. The fiscal year 1987 request totals $15,474,534,125, as opposed to a request level in fiscal year 1986 of $15,032,241,934. The administration's fiscal year 1987 budget contains requests for new programs totaling $344,403,116. The fiscal year 1987 request is $449,214,180 over that which was appropriated in fiscal year 1986.

The President's budget for fiscal year 1987, while in total very close to that which was requested and appropriated in fiscal year 1986, differs substantially in its details. The administration is requesting no funding for the Direct Loan Program of the Export-Import Bank, which totaled just under $1,100,000,000 in fiscal year 1986. Military and economic programs for close friends and for countries with which we have security agreements, on the other hand, are being increased from levels provided by Congress in fiscal year 1986. These increases, however, are very close to fiscal year 1986 request levels. If Congress were to provide the administration with its requested funding for programs under the Foreign Operations Subcommittee and also provide for the Direct Loan Program of the Export-Import Bank, an additional $1,100,000,000 on top of the request would be required. Such an addition for foreign assistance programs this year is most unlikely. Therefore, any appropriation for the Direct Loan Program for the Export-Import Bank or any increase for any other program not requested by the administration would have to be offset by reductions from the requested programs.

In the event that the Congress is forced to drastically reduce foreign assistance, the Committee believes that bilateral assistance, which, of course, is a major foreign policy tool of the United States, ought to be preserved at effective levels.

While under normal circumstances the Committee would suggest in this report a range of options for the Budget Committee including an add-on of $1,100,000,000 for the Export-Import Bank, together with a lower amount pegged at last year's appropriated level, with this year's budget situation, such a recommendation would appear to be unrealistic.

Therefore, the Committee's range of options runs from the fiscal year 1986 appropriated level of $15,025,319,945 and the total fiscal year 1987 request level of $15,474,534,125. The Committee underscores the fact that under either level, given the fact that Congress will want to continue support of the Export-Import Bank, important requested foreign assistance programs will have to be substantially reduced. The Committee notes that both options are below CBO's baseline for fiscal year 1987.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT–INDEPENDENT AGENCIES

### OVERALL

The administration's request includes a total of $43,200,000,000 in new budget authority for subcommittee programs in fiscal year 1987. This is $16,200,000,000 less than the enacted appropriations for fiscal year 1986, a 28-percent reduction. For the balance of fiscal year 1986, Gramm-Rudman reductions total $1,400,000,000. In addition, the administration is proposing $5,700,000,000 in rescissions, $2,900,000,000 in deferrals, and supplementals which add $613,000,000 and have also the effect of an offsetting reduction of $504,000,000.

*Department of Housing and Urban Development.*—No new budget authority is requested for the HUD Assisted Housing Program for fiscal year 1987.

In fiscal year 1986 an appropriation of $10,000,000,000 was provided, but the administration has proposed rescinding $4,400,000,000 of this amount and deferring another $2,300,000,000 into fiscal year 1987 to provide a level program of 50,000 housing vouchers in both years. It should be noted because of peculiarities in the congressional earmarks in this account, failure to take any legislative action on the rescissions or deferrals may result in severe programmatic disruptions during the balance of fiscal year 1986.

Termination of the Urban Development Action Grant [UDAG] Program is proposed in fiscal year 1986 with a $220,000,000 rescission. A total of $330,000,000 was appropriated for this program, a reduction of 25 percent from the fiscal year 1985 level.

For the Community Development Block Grant [CDBG] Program $2,100,000,000 is requested for fiscal year 1986. The Congress enacted a 10-percent cut in this program for fiscal year 1986, providing $3,100,000,000. Of this amount, the President proposes to defer $500,000,000 into fiscal year 1987 to provide level budgetary totals for both years.

The loan guarantee limitation of the Federal Housing Administration and the secondary market functions of the Government National Mortgage Association appear significantly inadequate for the balance of this fiscal year. Adjustments will also have to be made in fiscal year 1987.

*Environmental Protection Agency.*—Operating programs of the Environmental Protection Agency are essentially kept intact with a budget request of $1,400,000,000. While this represents a reduction of over

$113,000,000 from the enacted fiscal year 1986 level, the bulk of the reduction is taken by elimination of the Asbestos-in-Schools Program (−$50,000,000) continuing constraints on research and development (−$21,000,000) and a proposed new environmental block grant to replace categorical aid to States and local units of government for enforcement (−$8,000,000).

Outside of the operating budget, the administration has proposed a 25-percent reduction in wastewater treatment construction grants (−$600,000,000) as part of a continuing attempt for a 4-year phaseout, and an increase of $189,000,000 for Superfund. Both of these programs, however, are confronting significant disruptions unless Congress expeditiously provides additional supplemental authority within the next few months. Both amounts contained in the President's budget request are significant reductions from levels assumed in authorizing legislation previously passed by the Senate.

*Federal Emergency Management Agency.*—The appropriation request for the Federal Emergency Management Agency [FEMA] includes a supplemental request of $250,000,000 for disaster relief. This amount will have to be provided during this spring to avoid disruption in assistance to areas already declared disaster areas and may grow with spring flooding problems.

Significant shifts are proposed in the President's fiscal year 1987 request including elimination of the U.S. Fire Administration (−$10,000,000), reductions in civil defense (−$5,400,000), elimination of student stipends for emergency training (−$3,700,000), and requirement of State and local cost sharing of disaster relief costs (−$300,000,000). The administration has again proposed the termination of the Emergency Food and Shelter Program which was initiated in the 1982 jobs bill (−$70,000,000). Total FEMA funding is requested to decline by 8 percent in fiscal year 1987 to $469,000,000, excluding the supplemental for disaster relief.

*National Aeronautics and Space Administration.*—Overall funding for the National Aeronautics and Space Administration is unchanged from the fiscal year 1986 appropriated level of $7,700,000,000. This excludes the effect of the Gramm-Rudman reduction of $322,000,000 and a rescission proposal of $27,000,000 for the advanced communication technology satellite.

Since the President's budget submitted was prepared prior to the *Challenger* accident, it can be expected that significant alterations will be necessary to recover from the budgetary impact of that catastrophic event.

Loss of the *Challenger*, and the indefinite suspension of shuttle launches, has enormous consequences for the Nation's space program. It is imperative that the remaining orbiter fleet be restored to service as expeditiously as possible. It is also clear that a replacement orbiter must be procured and that a supplemental appropriation for this purpose be enacted soon.

The investigation into the *Challenger* accident appears to have already determined that the orbiter itself performed normally and no evidence indicates that the failure was initiated in this crucial component of the space transportation system. Intensive analysis is underway into the impact of the *Challenger* accident on national security, space science, and space development policy. Preliminary indications are that additional expendable launch vehicles will be necessary, along with a replacement orbiter, both of which will take 3 to 5 years to bring online.

The cost of a replacement orbiter is estimated at $2,000,000,000 with approximately an additional $1,000,000,000 needed to replace other equipment lost in the accident and direct programmatic costs. Since the current orbiter production line is scheduled to close early this summer, Congress must authorize a replacement orbiter shortly to limit cost and to assure expeditious delivery.

*National Science Foundation.*—The President's budget request for the National Science Foundation proposes nearly $1,700,000,000, an increase of $227,000,000 over the post-Gramm-Rudman fiscal year 1986 level. Adjusting for deferrals, the additional resources are devoted almost exclusively to grants for research.

*Treasury: Revenue sharing.*—This program was assumed to expire at the end of fiscal year 1986; furthermore, the HUD appropriations bill made an 8.3-percent reduction ($380,000,000) from the $4,600,000,000 level—all to be taken from the fourth quarter payment. The President's budget proposes to eliminate this last payment altogether (a $760,000,000 rescission). In addition, the 4.3-percent Gramm-Rudman cut of $180,000,000 which is being taken from the third quarter payment.

*Veterans' Administration.*—The President's budget contains $363,000,000 in supplemental requests for entitlement programs of the VA. For fiscal year 1987, a net reduction of $228,000,000 is proposed from the adjusted $26,200,000,000 base.

Among the most significant of these reductions are $54,000,000 for medical care and $184,000,000 for major construction of new medical facilities. The Gramm-Rudman Act also raises a potentially significant shortfall in the level of VA home loan guaranty authority. Although no limit is specified in law, the administration is interpreting that legislation to establish a limit of $11,500,000,000 for fiscal year 1986. With declining interest rates and expanded refinancing, in excess of $17,000,000,000 in the current fiscal year may be the demand, thereby significantly curtailing what is widely perceived as an entitlement of military service.

## CONGRESSIONAL BUDGET OFFICE BASELINE

The CBO baseline estimate of budget authority and outlays contains a number of assumptions and adjustments in individual accounts which appear unwarranted or questionable. It is impossible at this time to conduct a full analysis of these computer-generated numbers; however, the Committee has identified several specific errors.

The first involves the baseline for the Community Development Block Grant Program in which CBO incorporated the effects of a $500,000,000 deferral proposed by the administration for fiscal year 1986. Another specific issue is raised by the use of what is effectively only a partial year appropriation for the Superfund Program of $900,000,000 in fiscal year 1986. The sum, when annualized, provides a program level of $1,200,000,000 from which future year adjustments should be computed.

### CREDIT ACTIVITIES

As noted earlier in this analysis, the Committee is aware of very substantial problems in the computation of Federal credit activities—especially in the three large loan guarantee programs of HUD and VA. These programs total about $145,000,000,000 in housing mortgage credit and are vital to economic growth and recovery. As housing continues to lead this recovery, substantial increases in the limitations for these programs will be necessary.

## INTERIOR AND RELATED AGENCIES

### CBO BASELINE

The CBO outlay estimates for this subcommittee have consistently been significantly above actual spending levels. If CBO is not going to revise the outlay rate for various programs under the jurisdiction of this subcommittee, the subcommittee requests that an additional $600,000,000 in outlay authority be provided to compensate for erroneous estimates. As an example, the CBO estimate for prior year outlays, dated January 28, 1986, shows outlays of $3,904,591,000. The CBO estimate dated February 14, 1986, estimates prior year outlays at $3,397,119,000. We have asked CBO to explain this discrepancy.

With respect to the fiscal year 1987 baseline estimates provided by CBO, the following should be noted:

Budget authority baseline estimates for the Bureau of Indian Affairs, operation of Indian programs (community and regional development) are $110,000,000 below the fiscal year 1986 postsequester level.

Budget authority baseline estimates for the Bureau of Indian Affairs, operation of Indian programs (conservation and land management) are $46,000,000 below the fiscal year 1986 postsequester level.

Fiscal year 1986 outlay estimates for construction and improvement at the National Zoological Park are 100 percent higher than estimated by the Smithsonian Institution. Therefore, additional outlay ceilings should be allowed in fiscal year 1987 for prior year outlays.

A number of other adjustments have been proposed, as explained in the attachment. Especially significant is the need to adjust the baseline for prior year outlays to reflect the impact of the fiscal year 1986 rescission and deferral proposals which will shift outlays from fiscal year 1986 into fiscal year 1987.

### FISCAL YEAR 1987 BUDGET ESTIMATES

The fiscal year 1987 estimates for the Department of the Interior bureaus under the jurisdiction of this subcommittee are 21.7 percent below the fiscal year 1985 level. Reductions of this magnitude seriously hamper the ability of the Department to effectively manage the public lands and resources and meet the Federal obligation to Indian tribes throughout the Nation, and are unlikely to be adopted by the Congress.

For the 19 related agencies under the jurisdiction of this subcommittee, the fiscal year 1987 budget estimates are 30.8 percent below the fiscal year 1986 enacted level, adjusted for a program supplemental in the Forest Service. The budget again proposes termination of community health representatives, urban health programs, and construction funding in the Indian Health Service and termination of the Institute of Museum Services. Congress has not agreed to these reductions during consideration of identical requests over the past 5 years. If the requests are again denied, an additional $100,000,000 will be required.

It is questionable that the Congress will approve the proposed rescission of $62,900,000 in the Indian Health Service budget. The delays encountered while the funds are frozen will increase prior year outlays in fiscal year 1987, as substantially all of the funds proposed for rescission are available for more than 1 fiscal year.

The Department of Energy is slated for a reduction of 65 percent. Congress is not likely to go along with the strategic petroleum reserve construction deferral, thus an additional $100,000,000 in budget authority and $60,000,000 in budget outlays will be required. An additional $250,000,000 will also be required if Congress rejects Judge Flannery's decision in the *Exxon* case relating to the distribution of $2,100,000,000 in oil overcharge funds.

Even though there is no requirement to fill the strategic petroleum reserve, the financial situation in Mexico could worsen and require the purchase of oil. Should that occur, an additional $560,000,000 may be required in budget authority and outlays in oil fill.

Furthermore, the large amount of energy funds which are currently subject to deferral will have a substantial impact on prior year outlays in fiscal year 1987.

Land and Water Conservation Fund acquisition projects in the amount of $92,000,000 are proposed for rescission. Congress is likely to agree to a very small portion of these rescission proposals. As a result of the rescission proposals, however, the rest of 1986 obligations and outlays will be far below normal and an increase of $50,000,000 in outlays will be required in 1987.

The 1987 budget anticipated user and entrance fees for the National Park Service and the Forest Service is an amount of $100,000,000. Congress has not agreed to this proposal in prior years and the administration has not even submitted the necessary legislation in earlier years. Unless this legislative proposal is enacted, Congress will likely maintain current appropriated funding levels, requiring an additional $100,000,000.

The administration has also proposed to deduct the cost of processing permanent indefinite payments prior to distribution of the receipts. Congress has rejected this proposal in prior years. If legislation is not approved this year, an additional $50,000,000 above the budget estimates will be required for mineral leasing payments and $220,000,000 will be required for National Forest System payments.

The subcommittee estimates that requirements for fiscal year 1987 will fall between $8,000,000,000 and $8,421,000,000 in budget authority and between $9,000,000,000 and $9,413,000,000 in outlays. A detailed analysis of the subcommittee's recommendations follows.

## SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

*Function:* Energy

*Subfunction:* Energy supply

*Appropriation accounts:* Fossil energy research and development; naval petroleum and oil shale reserves

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | – $6,857,004,000 | $398,938,000 |
| Outlays prior | 406,304,000 | 425,715,000 |
| Outlays total | 506,066,000 | 570,217,000 |

*Recommended increases*

Naval petroleum reserves: Outlay estimates for NPR are low. It is likely that an additional $50,000,000 to $60,000,000 will be required.

Fossil: Baseline estimates for fossil energy research and development are $20,000,000 too low in budget authority and $12 million too low in outlays.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $419,938,000 |
| Outlays prior | 425,715,000 |
| Outlays total | 642,217,000 |

*Function:* Energy

*Subfunction:* Energy conservation

*Appropriation account:* Energy conservation

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $427,512,000 | $407,667,000 |
| Outlays prior | 397,819,000 | 372,244,000 |
| Outlays total | 481,612,000 | 452,147,000 |

*Recommended decrease*

Conservation: Decreases of another $20,000,000 should be possible if Exxon overcharge funds are used to supplant State and local programs.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $387,667,000 |
| Outlays prior | 372,244,000 |
| Outlays total | 452,147,000 |

*Function:* Energy
*Subfunction:* Emergency energy preparedness
*Appropriation accounts:* Strategic petroleum reserve; emergency preparedness; SPR petroleum account

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $113,263,000 | $5,783,000 |
| Outlays prior | 492,750,000 | 479,935,000 |
| Outlays total | 540,363,000 | 484,561,000 |

*Recommended increases*

SPR construction: It is unlikely that Congress will go along with the proposed indefinite moratorium on SPR construction. This will require an additional $100,000,000 in budget authority and $60,000,000 in outlays.

The outlay estimates for prior years appear to be approximately $75,000,000 too low.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $105,783,000 |
| Outlays prior | 584,935,000 |
| Outlays total | 619,561,000 |

*Function:* Energy
*Subfunction:* Energy information, policy, and regulation
*Appropriation accounts:* Energy Information Administration; economic regulation

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $81,147,000 | $83,776,000 |
| Outlays prior | 28,064,000 | 23,284,000 |
| Outlays total | 86,139,000 | 83,266,000 |

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $83,776,000 |
| Outlays prior | 23,284,000 |
| Outlays total | 83,266,000 |

*Function:* Natural resources and environment
*Subfunction:* Conservation and land management
*Appropriation accounts:* Operation of Indian programs (natural resources and trust responsibilities; BIA fire supplemental; Forest Service construction; forest research; State and private forestry; National Forest System; Forest Service fire supplemental; range betterment fund; acquisition of lands (special acts); acquisition of lands to complete exchanges; Forest Service—miscellaneous trust funds; management of lands and resources; Bureau of Labor Management fire supplemental; construction and access; Oregon and California grant lands; working capital fund; land acquisition; service charges, deposits, and forfeitures; range improvements; miscellaneous trust funds; regulation and technology; abandoned mine reclamation fund; minerals and royalty management

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $2,583,016,000 | $2,638,802,000 |
| Outlays prior | 672,871,000 | 632,712,000 |
| Outlays total | 2,662,193,000 | 2,661,029,000 |

*Recommended decrease*

Office of Surface Mining: −$10,000,000 from State Reclamation Program grants under the abandoned mine reclamation fund. There are substantial unexpended balances in this account.

*Recommended increases*

+$46,000,000 for the operation of Indian programs. The baseline is $46,000,000 below the fiscal year 1986 postsequester level.

Forest Service, State and private forestry: Outlays from prior years appear to be understated by $10,000,000. In addition, outlays from prior years for the "National Forest System" account appear to be understated by over $10,000,000.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $2,694,802,000 |
| Outlays prior | 652,712,000 |
| Outlays total | 2,718,029,000 |

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*Function:* Natural resources and environment
*Subfunction:* Recreational resources
*Appropriation accounts:* Forest Service land acquisition; urban park and recreation fund; operation of the National Park System; National Park System road construction; John F. Kennedy Center for the Performing Arts; National Park System construction; national recreation and preservation; visitor facilities fund; National Park System land acquisition; planning, development, and operation of recreational facilities; historic preservation fund; Illinois & Michigan Canal Commission; Jefferson National Expansion Commission; resource management; Fish and Wildlife Service construction; Fish and Wildlife Service land acquisition; "Migratory bird conservation" account; Advisory Council on Historic Preservation

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $1,225,447,000 | $1,254,528,000 |
| Outlays prior | 505,980,000 | 471,705,000 |
| Outlays total | 1,341,991,000 | 1,324,346,000 |

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $1,254,528,000 |
| Outlays prior | 471,705,000 |
| Outlays total | 1,324,346,000 |

*Function:* Natural resources and environment
*Subfunction:* Other natural resources
*Appropriation accounts:* Office of the Secretary; construction management; Office of the Inspector General; Office of the Secretary—special foreign currency; Office of the Solicitor; Geological Survey; Bureau of Mines

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $616,415,000 | $631,345,000 |
| Outlays prior | 70,024,000 | 93,245,000 |
| Outlays total | 613,063,000 | 649,381,000 |

*Recommended increase*

Bureau of Mines: +$5,000,000 will be required to prevent reductions in force and to meet congressional initiatives.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $636,345,000 |
| Outlays prior | 93,245,000 |
| Outlays total | 652,381,000 |

*Function:* Transportation
*Subfunction:* Ground transportation
*Appropriation account:* National Park Service construction (trust fund)

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| **Baseline:** | | |
| Budget authority | 0 | 0 |
| Outlays prior | $12,772,000 | $13,356,000 |
| Outlays total | 14,523,000 | 15,179,000 |

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | 0 |
| Outlays prior | $13,356,000 |
| Outlays total | 15,179,000 |

*Function:* Community and regional development
*Subfunction:* Community development
*Appropriation accounts:* Pennsylvania Avenue Development Corporation; National Capital Planning Commission; Commission of Fine Arts

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $8,250,000 | $9,019,000 |
| Outlays prior | 9,296,000 | 10,335,000 |
| Outlays total | 14,886,000 | 16,414,000 |

*Recommended increases*

An additional $50,000 is required for the Commission on Fine Arts to meet one-time publication costs.

An additional $200,000 is required for staff costs and computer requirements for the Pennsylvania Avenue Development Corporation.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $9,269,000 |
| Outlays prior | 10,335,000 |
| Outlays total | 16,664,000 |

*Function:* Community and regional development
*Subfunction:* Area and regional development
*Appropriation accounts:* Operation of Indian programs (except education, natural resources, and trust responsibilities); Bureau of Indian Affairs construction; Bureau of Indian Affairs road construction; Bureau of Indian Affairs revolving fund for loans; Indian loan guaranty and insurance fund; miscellaneous trust funds

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $594,517,000 | $615,624,000 |
| Outlays prior | 194,768,000 | 172,810,000 |
| Outlays total | 620,181,000 | 613,701,000 |

*Recommended increases*

+$130,000,000 for the Bureau of Indian Affairs, operation of Indian programs. The baseline for budget authority is $110,000,000 below the fiscal year 1986 postsequestration level.

+$20,000,000 in the estimate for prior year outlays for Bureau of Indian Affairs construction.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $745,264,000 |
| Outlays prior | 192,810,000 |
| Outlays total | 750,13,000 |

*Function:* Education, training, employment, and social services
*Subfunction:* Elementary, secondary, and vocational education
*Appropriation accounts:* Operation of Indian programs (education only); Department of Education, Office of Indian Education

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $321,486,000 | $339,938,000 |
| Outlays prior | 91,562,000 | 83,862,000 |
| Outlays total | 329,318,000 | 335,460,000 |

*Recommended increase*

+$15,000,000—the fiscal year 1987 budget request for these activities totals $356,742,000, an increase of $21,282,000 above the baseline. The baseline level for the Office of Indian Education is sufficient, the total increase should be for programs operated by the Bureau of Indian Affairs.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $350,460,000 |
| Outlays prior | 83,862,000 |
| Outlays total | 345,460,000 |

*Function:* Education, training, employment, and social services
*Subfunction:* Research and general education aids
*Appropriation accounts:* Smithsonian Institution, salaries and expenses; Smithsonian Institution—special foreign currency; Smithsonian Institution—zoo construction; Smithsonian Institution—SI—restoration and renovation; Smithsonian Institution—construction; National Gallery of Art, salaries and expenses; National Gallery of Art, restoration and renovation; Woodrow Wilson International Center for Scholars, salaries and expenses; Woodrow Wilson International Center for Scholars—payment to the endowment challenge fund; Woodrow Wilson International Center for Scholars—endowment challenge fund; National Endowment for the Arts; arts and artifacts indemnity fund; National Endowment for the Humanities; Institute of Museum Services

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline | | |
| Budget authority | $544,781,000 | $560,806,000 |
| Outlays prior | 267,588,000 | 237,173,000 |
| Outlays total | 586,389,000 | 569,062,000 |

*Recommended decreases*

−$2,514,000 for the special foreign currency fund. There is no request for this activity in fiscal year 1987.

−$500,000 for construction at the National Zoological Park.

−$800,000 for the National Gallery of Art, repairs and restoration of buildings.

−$296,000 for the arts and artifacts indemnity fund. This fund will need to be replenished as claims are made, but to date, none of these funds has been required.

*Recommended increases*

+$15,000,000 for salaries and expenses of the Smithsonian Institution. The budget request exceeds the baseline level by $19,000,000.

+$3,000,000 for construction of the Smithsonian Institution. The budget request exceeds the baseline level by this amount.

+$500,000 to continue the Endowment Challenge Program of the Woodrow Wilson International Center for Scholars.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $575,196,000 |
| Outlays prior | 237,173,000 |
| Outlays total | 580,062,000 |

*Function:* Health
*Subfunction:* Health care services
*Appropriation accounts:* Indian Health Services; Indian health facilities

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| **Baseline:** | | |
| Budget authority | $853,963,000 | $881,695,000 |
| Outlays prior | 210,778,000 | 237,991,000 |
| Outlays total | 825,321,000 | 896,793,000 |

*Recommended increase*

The prior year outlay estimate for fiscal year 1987 should be increased by $40,000,000 so as to allow for expenditure of funds currently proposed for rescission which are unlikely to be rescinded.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $881,695,000 |
| Outlays prior | 277,951,000 |
| Outlays total | 936,793,000 |

*Function:* General government
*Subfunction:* Other general government
*Appropriation accounts:* Administration of the territories; Trust Territory of the Pacific Islands; Compact of Free Association; Compact of Free Association supplemental; payment to the "Alaska Native escrow" account; Navajo and Hopi Indian Relocation Commission; Franklin Delano Roosevelt Memorial Commission; U.S. Holocaust Memorial Council

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $454,786,000 | $148,772,000 |
| Outlays prior | 36,610,000 | 33,544,000 |
| Outlays total | 427,852,000 | 157,335,000 |

*Recommended increases*

Trust territories: Outlays prior should be increased approximately $10,000,000 for a more accurate portrayal of actual outlays.

+$337,000 for payment to the "Alaska Native escrow" account. The amount sequestered in fiscal year 1986 must be paid in accordance with current law.

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $149,109,000 |
| Outlays prior | 43,544,000 |
| Outlays total | [1] 167,692,000 |

[1] It will be hard to estimate the spendout rate of the compact. This is the first year of the compact and how the specific countries handle the situation is unclear. It is clear, however, that the spendout rate used in other areas in the territorial account will not apply.

*Function:* General purpose fiscal assistance
*Subfunction:* Other general purpose fiscal assistance
*Appropriation accounts:* Payments in lieu of taxes; national wildlife refuge fund

| | Fiscal year 1986 | Fiscal year 1987 |
|---|---|---|
| Baseline: | | |
| Budget authority | $106,252,000 | $109,567,000 |
| Outlays prior | 3,000 | 0 |
| Outlays total | 105,255,000 | 109,567,000 |

*Recommendation for fiscal year 1987*

| | |
|---|---|
| Budget authority | $109,567,000 |
| Outlays prior | 0 |
| Outlays total | 109,567,000 |

RECAPITULATION

| Function | 1987 baseline | Recommendation |
|---|---|---|
| Energy: | | |
| Budget authority | $896,164,000 | $997,164,000 |
| Outlay | 1,509,191,000 | 1,797,191,000 |
| Natural resources and environment: | | |
| Budget authority | 4,542,675,000 | 4,585,675,000 |
| Outlay | 4,634,756,000 | 4,694,756,000 |
| Transportation: | | |
| Budget authority | 13,356,000 | 13,356,000 |
| Outlay | 15,179,000 | 15,179,000 |
| Community and regional development: | | |
| Budget authority | 624,623,000 | 754,533,000 |
| Outlay | 630,115,000 | 766,777,000 |
| Education, training, employment, and social services: | | |
| Budget authority | 900,744,000 | 930,134,000 |
| Outlay | 904,522,000 | 925,522,000 |
| Health: | | |
| Budget authority | 881,695,000 | 881,695,000 |
| Outlay | 896,793,000 | 936,793,000 |
| General government: | | |
| Budget authority | 148,772,000 | 149,109,000 |
| Outlay | 157,335,000 | 167,692,000 |
| General purpose fiscal assistance | | |
| Budget authority | 109,567,000 | 109,567,000 |
| Outlay | 109,567,000 | 109,567,000 |
| Totals: | | |
| Budget authority | 8,086,260,000 | 8,421,233,000 |
| Outlay | 8,938,458,000 | 9,413,477,000 |

## LABOR-HHS-EDUCATION AND RELATED AGENCIES

For the programs funded under the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, the President has requested $93,430,900,000 in new budget authority for fiscal year 1987. Together with advances appropriated in prior years, this brings the total administration budget estimate to $105,104,654,000 for fiscal year 1987—a budget cut of approximately $2,648,821,000 from the $107,753,475,000 enacted into law for fiscal year 1986. It is a $913,087,000 cut from the 1986 post-sequester appropriation of $106,017,741,000.

An examination of the 1987 budget request, however, reveals that an increase in funding for the subcommittee's mandatory programs masks the drastic cuts in the discretionary programs within the subcommittee's jurisdiction. While the administration's overall 1987 budget request is a cut of approximately $2,600,000,000 from the 1986 enacted figure, the discretionary portion of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act is cut $4,400,000,000.

It is also important to note that the administration's budget estimates are, in many cases, artificially low since the fiscal year 1987 budget proposal assumes billions of dollars in savings which are contingent upon the enactment of legislation. The Committee does not assume such legislative savings and believes it is more prudent to project budgetary needs based on the requirements of existing law.

The administration's budget request also assumes the approval of 1986 rescission proposals. The Committee believes the level of funding provided in fiscal year 1986 for all of the programs within the subcommittee's jurisdiction was both necessary and appropriate. The Committee believes it is premature to assume any rescissions and, therefore, does not assume comparable cuts in its 1987 budget estimates.

Similarly, while the Committee recognizes that a 4.3-percent cut in all nonexempted programs in fiscal year 1986 was required by law, the Committee does not assume the same across-the-board cut in its budget estimates for fiscal year 1987. The Committee recognizes the need to reduce the Federal deficit but does not believe fiscal year 1987 budget savings should be achieved through across-the-board or even targeted cuts in mandatory and discretionary programs which are essential to the health and welfare of the American public, and which have already been funded at the lowest level acceptable to the Committee.

In fiscal year 1986, as well as in prior fiscal years, Congress rejected proposals to totally eliminate certain discretionary programs within the subcommittee's jurisdiction and to block grant other programs which have historically been funded as individual line items. The Committee believes such proposals in the administration's 1987 budget estimates should be rejected. The Committee would, therefore, restore funding for any proposed eliminations and project budget estimates based on current law and not any eliminations or new block grant programs proposed by the administration.

Finally, the Committee recognizes the administration's request for supplementals which, if enacted, would increase the fiscal year 1986 base and result in higher fiscal year 1987 outlays. The Committee is deeply concerned about recent estimates of the amount of Pell grant shortfall for fiscal year 1986. This shortfall is significantly greater than the administration had previously projected. Whereas, Congress had anticipated a $70,000,000 shortfall, the shortfall could, in fact, now be as high as $370,000,000 due to a combination of sequestration and a higher-than-anticipated number of eligible participants in the program. To prevent such a drastic reduction in Pell grant assistance, which CBO estimates would result in a loss of aid to approximately 1 million students, a 1986 supplemental would be necessary.

Attached is a chart which projects a low and high subcommittee budget estimate for fiscal year 1987. In some cases, CBO current services are lower than the 1986 enacted appropriation and would not sustain fiscal year 1986 program activity. Therefore, the subcommittee budget estimates reflect a combination of 1986 enacted appropriations and CBO current services to achieve a fiscal year 1987 budget estimate which is consistent with the priorities of the Committee.

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES
FISCAL YEAR 1987

[In billions of dollars]

| | CBO baseline | | President's estimate | | Low | | High | |
|---|---|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O | BA | O |
| Mandatory | | | 76.0 | 95.8 | | | | |
| Discretionary | | | 29.1 | 18.1 | | | | |
| Total | 112.7 | 118.6 | 105.1 | 114.0 | 113.7 | | 115.4 | |

## LEGISLATIVE BRANCH

In accordance with law, the budget presentations of the agencies funded by the Legislative Branch Appropriations Act are not subject to review or change by the Office of Management and Budget, and are included in the President's request as submitted by the agencies. As such, the President's budget request does not evidence the dramatic programmatic and policy changes recommended in other nondefense areas of the budget, and the Committee believes the amounts requested by the President to be the appropriate level for the activities of the legislative branch. The Committee is very concerned, however, that the preliminary baseline prepared by the Congressional Budget Office woefully understates the funding requirements of the Congress and its support agencies.

The President's fiscal year 1987 budget request for activities funded in the Legislative Branch Appropriations Act totals $1,849,669,800 in budget authority, including $46,609,000 for compensation of Members of Congress funded by a permanent, indefinite appropriation. The CBO preliminary baseline for fiscal year 1987 budget authority is $1,606,967,000, a difference of $242,702,800. This difference is primarily attributable to the following accounts: Salaries and expenses for the General Accounting Office, for which the request exceeds the baseline level by $57,398,000; official mail costs, for which the request exceeds the baseline level by $39,818,000; the Architect of the Capitol, +$18,640,000; furniture and furnishing for the Library of Congress, +$15,095,000; salaries and expenses for the Library of Congress, +$13,161,000; and salaries and expenses for the Congressional Research Service, +$6,339,000.

For Senate items only, excluding compensation of Senators, the President's request is $301,666,800 and the CBO preliminary baseline is $282,160,000, a difference of $19,506,800. This difference is primarily attributable to the following accounts: Salaries, officers and employees, for which the request exceeds the baseline level by $11,875,000; expenses of the Sergeant at Arms and Doorkeeper of the Senate, for which the request exceeds the baseline level by $4,047,000; and inquiries and investigations, for which the request exceeds the baseline level by $2,705,000.

These significant disparities result from the construction of the fiscal year 1987 baseline from an exceptionally low base. The fiscal year 1986 Legislative Branch Appropriations Act was held to slightly below fiscal year 1985 amounts, and then reduced further by a sequestration of $68,757,000, for a total fiscal year 1986 level of $1,576,965,800 ($67,789,338 below amounts enacted for fiscal year 1985). From that base, the CBO baseline adds inflation for most accounts, with the exception of certain salaries and expenses accounts treated in function 920, to arrive at its total baseline amount of $1,606,967,000. Even that figure is $37,788,138 below amounts enacted for fiscal year 1985.

Nor does the CBO baseline fully account for several fiscal year 1986 supplementals. The baseline estimates an fiscal year 1986 supplemental for official mail costs of $44,000,000, the same as the President's request, but more recent information indicates a requirement for a $65,000,000 supplemental. Furthermore, the baseline makes no allowance for $9,830,000 in supplementals requested for the Senate, including $9,100,000 to enable the Sergeant at Arms to purchase new telecommunications switching equipment, and $650,000 for the Geneva observer group.

In summary, the Committee believes that the amount of the President's request is the appropriate level of funding for activities funded by the Legislative Branch Appropriations Act in fiscal year 1987. While the Committee expects to be able to make some reductions from that request, a level of funding approaching that estimated in the CBO baseline would do irreparable harm to the operations of the Congress and its support agencies.

## MILITARY CONSTRUCTION

The military construction appropriations bill provides funding for worldwide military construction as well as construction and operation and maintenance of military family housing. The military construction appropriations bill represents approximately 3 percent of the national defense budget function (050).

In terms of new budget authority, the fiscal year 1987 President's budget requests $10,137,200,000 for facilities requirements. These requirements continue the effort of the Defense Deprtment to modernize the capital investment in our military installations worldwide and to establish new installations to meet the demands of new missions.

The CBO baseline which reflects no real growth for fiscal year 1987 in the national defense functions is not realistic in terms of the military construction requirements necessary to meet the demand on our already overtaxed facilities; in addition, the CBO baseline does not reflect the assumptions of the so-called 0–3–3 real growth agreements of the fiscal year 1986 budget resolution.

With regard to outlays, the OMB estimate for prior-year outlays is over $1,000,000,000 less than the CBO estimate. The OMB estimate does not appear to be reflective of the reality of the levels of construction historically completed during any given fiscal year.

It is too early to determine the budgetary impact that may be placed on the military construction accounts. Therefore, the estimate should provide the President's level, as requested, in new budget authority and the CBO estimate of $8,248,667,000 for outlays.

## TRANSPORTATION

### CBO BASELINE

*Technical.*—The baseline incorporates transfers used in fiscal year 1986 to increase budgetary resources available to an account (agency) when new budget authority would have been additive and thus increases the subcommittee's budget authority level. By including these transfers in the outyears (fiscal year 1987 and out), the overall budget authority is increased by approximately $100,000,000. It is unclear to the CBO analyst whether the Senate Budget Committee will agree with this treatment. We believe that these transfers should be included in the outyears because it is a more accurate reflection of program levels.

The CBO baseline has been adjusted to incorporate the effects of deferrals on the fiscal year 1987 budget authority level. This treatment does not affect transportation because an exception is made for the one transportation deferral—Federal Aviation Administration's [FAA] facilities and equipment [F&E]. An exception is made for F&E because this account is subject to deferrals every year due to the multiyear nature of the account that fully funds large capital projects.

The baseline does not include Coast Guard operating expenses funded by transfer from Department of Defense [DOD], pursuant to the authorization and appropriations acts, 1986.

*Credit budget.*—Surface transportation components appear accurate in credit baseline. However, the baseline excludes aircraft loan guarantees for no apparent reason.

### FISCAL YEAR 1987 SPENDING ESTIMATES

*Amtrak.*—The President's request proposes elimination of and thus does not include funding for Amtrak. Since this account was subject to four separate Senate votes last session and was reauthorized by the Senate Commerce Committee as part of the reconciliation bill, this activity will likely receive funding in fiscal year 1987. This increases budget authority over the President's request by approximately $615,000,000.

*Highway and transit.*—The President's request does not include funding for Washington Metro Area Transit [WMATA]. There still remains $740,000,000 to be appropriated under the Stark-Harris authorization for this project. Fiscal year 1987 request from WMATA is for $225,000,000.

There is major legislation proposed in the highway and mass transit areas. These programs need to be reauthorized as fiscal year 1986 is the last year of the Surface Transportation Assistance Act of 1982 [STAA].

The President's budget assumes enactment of its proposed legislation thereby reducing mass transit budgetary resources by 70 percent. It is likely that the existing transit program will be extended for another year without resolution of the administration's proposed changes. If continued at existing rates, budget authority of approximately $2,600,000,000 above the President's request is necessary, and approximately $2,400,000,000 in outlays.

In addition, the President proposes rescinding over $500,000,000 of budget authority in fiscal year 1986 nearly one-half of which was the subject of a deferral request overturned in the fiscal year 1986 continuing resolution. Inaction on the proposed rescission requires additional outlays in fiscal year 1987 of approximately $110,000,000.

If the administration's highway legislation is not enacted and the current program remains intact, an additional $50,000,000 in budget authority is necessary to cover programs not funded by the administration, and an additional $200,000,000 in outlays would be necessary in fiscal year 1987 to cover programs capped by the administration's proposal. Budget authority for this activity, Federal-aid highways, is from the trust fund and under the jurisdiction of the Senate Committee on Environment and Public Works.

*Other surface.*—In addition to the above concerns in the highway and transit area, the President's budget does not contain sufficient budget authority and outlays for a number of smaller rail and highway programs (for example, rail service assistance Northeast corridor improvement, waste isolation project roads, access highways to lakes). This is due to a combination of requesting rescissions in fiscal year 1986 and not continuing the programs in fiscal year 1987. The total amount of budget authority in fiscal year 1987 to cover these programs is approximately $50,000,000, additional outlays necessary in fiscal year 1987 (assuming not enacting the 1986 rescission) are approximately $40,000,000.

In addition, if major deregulation legislation is not enacted reducing the role of the Interstate Commerce Commission [ICC], $50,000,000 in budget authority and outlays would be necessary to continue the Commission.

*Federal Aviation Administration [FAA].*—The baseline does not include the effect of a fiscal year 1986 supplemental for operations, estimated at $100,000,000. Furthermore, this would not be a one-time supplemental because it would ostensibly fund ongoing operating expenses associated with air traffic controllers.

The budget proposal to eliminate the essential Air Service Subsidy Program, an entitlement within the jurisdiction of the Commerce Committee, was not approved by Congress last session. Given the declining size ($27,000,000) of the appropriation and large number of communities affected (150 nationwide), it is likely to be funded in fiscal year 1987.

*Coast Guard.*—Fiscal year 1987 Coast Guard operating expenses are included in the baseline at $1,600,000,000, over $200,000,000 less than the President's fiscal year 1987 request. No allowance is provided for the $115,000,000 made available in the fiscal year 1986 DOD authorization and appropriation bills. Also, CBO treats the $15,000,000 "Boating safety" account as contract authority, in the jurisdiction of the Commerce Committee. Furthermore, fiscal year 1987 outlays will be as much as $50,000,000 higher because of an as-yet untransmitted fiscal year 1986 supplemetnal request.

The Coast Guard capital account, "Acquisition, construction, and improvements," builds from a fiscal year 1986 level reduced $50,000,000 in the continuing resolution negotiations. In addition, the President's request of $77,000,000 for fiscal year 1987 assumes an as-yet untransmitted Navy deferral of coastal defense augmentation funds. In either case, it appears likely at this time that the historical capital level of around $300,000,000 will be supported in Congress for Coast Guard materiel.

*Conclusion*—Perhaps more important than the individual programmatic assumptions discussed above is budget resolution assumptions for large unspecified savings. The Committee feels strongly that Members were insufficiently informed about the fiscal year 1986 budget resolution conference impact on transportation programs. The allocation to the Appropriations Committee of $800,000,000 unspecified savings necessitated drastic reductions in the Federal Aviation Administration and Coast Guard accounts. The Budget Committee must spell out major programmatic assumptions when it presents the resolution to Congress. Budget totals in the resolution should reflect the reality of hard choices, not legerdemain.

[In millions]

| | Budget authority | Outlays |
|---|---|---|
| Fiscal year 1986 baseline, postsequester | $10,017 | $26,325 |
| Fiscal year 1987 Transportation Subcommittee baseline | 10,476 | 26,343 |
| Supplementals: | | |
| FAA operations | | 100 |
| Coast Guard operating expenses | | 50 |
| Panama Canal, accident claims | | 20 |
| Fiscal year 1987: | | |
| Reflect President's requested Coast Guard operating expenses | 200 | 180 |
| Reflect additional $100,000,000 Coast Guard acquisition, construction, and improvements | 100 | 50 |
| Fiscal year 1987 preliminary estimate, low | 10,776 | 26,743 |

## TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

### CBO BASELINE

The administration has requested a supplemental appropriation totaling $340,000,000 for fiscal year 1986 for the Internal Revenue Service. This supplemental request is not reflected in the CBO baseline. The Committee has included this in the total of the estimates.

### FISCAL YEAR 1987 SPENDING ESTIMATES

The total of the President's budget assigned to the Treasury Subcommittee totals $12,900,000,000 for fiscal year 1987. A preliminary review of that budget request follows. This review was conducted without the benefit of hearings, and, therefore, without indepth analysis of the needs of each agency. General estimates are provided.

It should be noted that the President's budget proposes many legislative changes which, if enacted, will have an impact (as compared with CBO baseline levels) on the final subcommittee deliberations. Those proposals follow:

The President proposes to reduce the U.S. Customs Service by approximately 800 positions in addition to the 700 positions which will not be filled in 1986. The Customs Air Interdiction Program is also slated for reductions. If the Committee was to provide funds to keep Customs at the 1986 congressionally approved level, an additional $110,000,000 would be necessary.

The budget also proposes to terminate the revenue forgone postal subsidy for all recipients of preferred mail rates except the blind. Legislation is to be submitted to address this issue. If legislation is not passed and the subsidy was eliminated, rates for nonprofit mailers would double. In order to maintain current rates, a total of $833,000,000 would be necessary.

The budget also proposes a 3-percent pay increase for Federal civilian employees to be effective on January 1, 1987. No budget request is included, however. Should this pay increase be effectuated, approximately $300,000,000 would be necessary to cover the increased

Government contribution to the civil service retirement and disability fund. This increase would also increase total outlays by the agencies funded in this bill by $100,000,000.

The President's budget proposes to sell materials held in the national defense stockpile transaction fund. Although the account is included in this subcommittee's bill, all policy decisions are made by the Armed Services Committee.

The budget proposes that the General Services Administration dispose of excess Federal real property. This disposal of excess property is estimated to provide $600,000,000 in receipts in fiscal year 1987. It should be noted that annual disposal of surplus property since 1981 has averaged approximately $125,000,000 per year.

With this commentary as a base, the subcommittee makes the following assumptions:

| | Budget authority | Outlays |
|---|---|---|
| Congressional Budget Office baseline | $13,000,000 | $13,100,000 |
| President's budget | 12,900,000 | ([1]) |
| Low appropriation estimate | 14,300,000 | ([1]) |
| High appropriation estimate | 14,600,000 | ([1]) |

[1] CBO outlay estimates unavailable.

BARRY GOLDWATER, ARIZONA, CHAIRMAN

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510

February 25, 1986

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C.

Dear Pete:

This is in response to your letter of February 13, 1986, in which you requested the views of the Committee on Armed Services on the National Defense Function (050) for Fiscal Year 1987 pursuant to Section 301(d) of the Congressional Budget Act.

As you know, our Committee has been fully engaged for several months in reviewing the staff study on the reorganization of the Department of Defense, and we hope to report legislation to the Senate early in March which would effect major improvements in the structure of the Department of Defense. I believe you will agree that this, in itself, may be the most important issue the Committee will address during this Congress. Additionally, our Committee is continuing a review of several major areas of defense procurement policy and will soon address the issue of reform of the military retirement system. These major initiatives will continue to occupy the attention of our Members throughout this session of the 99th Congress.

I fully appreciate the difficulties you face in formulating an overall budget plan to meet the requirements of operating the federal government while, at the same time, reducing future deficits. Yours is not an easy task. However, I urge you to bear in mind that our defense budget must be determined not only in light of domestic economic policies but, more importantly, in view of external threats to our national security. The continuing Soviet military buildup, increasing international terrorism, and allied uncertainties require that we remain firmly committed to restoring our defense posture. We have made a substantial downpayment on that effort and are in a position to begin reaping the benefits of our investment and sacrifice. Remember, Pete, the popular answer among our colleagues today is to use the defense budget as the "deep pockets" for the funding of programs which we do not have the courage to reduce ourselves. We owe the American people something more than the outdated "guns versus butter" rhetoric of the past.

Now is not the time to return to the shortsighted policies of the 1970's in which defense was the "billpayer" for increases in politically popular social programs. Remember that over the past two decades (during which the bulk of our national debt was amassed), the growth in domestic spending outpaced defense expenditures by more than 7 to 1. According to OMB's figures, for every dollar that defense growth contributed to the deficit during that period (1966-1985), domestic spending increases added another $7. Therefore, when defense critics insist that defense bear a "fair share" in reducing the deficit, that "fair share" should be based on defense's contribution to the national debt.

The Committee is just beginning its exhaustive review of the President's defense budget. It would be irresponsible of me or the Committee to make a judgment at this time--a mere twenty days after the budget was received by the Congress--as to the appropriate level of funding to meet our national security needs.

In recent years, the Committee on Armed Services has participated willingly in the lengthy negotiations required to reach a consensus on the makeup of annual budget resolutions. In this process, we have made compromises which have been distasteful to us but necessary in the interest of reaching agreement and proceeding with the budget process. I have learned an important lesson from past experience--that in the final outcome, the defense target becomes the ceiling for future, behind-the-scenes tradeoffs. In four of the past five years, the actual appropriated level of defense budget authority has been less than the budget resolution target, even though the target was set after protracted negotiations involving many of our colleagues. In FY 1982, defense appropriations were $9 billion less than the budget resolution target; in FY 1983, $9 billion less; and in FY 1984, $4 billion less. In FY 1986 alone, the final level of appropriations for the defense function was $5 billion less than the target set by the First Concurrent Budget Resolution (and the FY 1986 sequester order will reduce defense spending by an additional $11 billion). On the other hand, 7 functions exceeded their FY 86 budget resolution targets, with defense paying the bill.

I intend to study very closely the budget submitted by the President, and I fully expect to make some difficult decisions when the Committee meets to mark up the FY 1987 Defense Authorization bill. Until then, however, I cannot responsibly determine a reasonable level of funding for defense. However, since the FY 1986 defense level sustained a reduction of $36 billion (minus 6 percent real growth), my initial response must be to support the President's requested FY 1987 defense budget which is consistent with the FY 1986 First Concurrent Budget Resolution of 0%-3%-3% real growth, approved by the Congress only six months ago after seemingly endless debate.

I will be happy to discuss with you and your colleagues any proposal which fairly allocates deficit reduction among the defense and non-defense areas of the budget, and I hope we can reach an accommodation which will be a funding floor as well as a ceiling so that we may have some predictability and stability to the defense budget.

Sincerely,

Barry

Barry Goldwater
Chairman

JOHN C. DANFORTH, MISSOURI, CHAIRMAN
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RALPH B. EVERETT, MINORITY CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510

February 28, 1986

The Honorable Pete Domenici
Chairman
Budget Committee
United States Senate
Washington, D.C. 20510

The Honorable Lawton Chiles
Ranking Minority Member
Budget Committee
United States Senate
Washington, D.C. 20510

Dear Senators Domenici and Chiles:

This letter is in response to your request for the Committee on Commerce, Science, and Transportation to submit its report pursuant to section 301(d) of the Congressional Budget Act.

Enclosed is a chart which compares budget authority figures for programs within the jurisdiction of this Committee. The information is as follows:

Column #1 -- FY86 Appropriated Funding prior to the February sequestration order
Column #2 -- FY86 Appropriated Funding after the February sequestration order
Column #3 -- FY87 Administration budget request
Column #4 -- Dollar differential between columns #1 and #3
Column #5 -- Percentage differential between columns #1 and #3
Column #6 -- Dollar differential between columns #2 and #3
Column #7 -- Percentage differential between columns #2 and #3
Column #8 -- FY87 authorization contained in pending or approved legislation

We would like to take this opportunity to comment on specific budget proposals affecting programs under this Committee's jurisdiction.

## FEDERAL AVIATION ADMINISTRATION

The Administration's budget request for the FAA is a net increase of approximately 1% over the FY86 budget authority. However, the total budget authority for the FAA programs and accounts remains substantially below previously authorized levels. For example, the Administration requests 29% less than the authorized level for the Facilities and Equipment account, 30% less for the Airport Improvement Program, and 30% less for the Research, Engineering, and Development account. The Committee is concerned that short-term "savings" in these programs and accounts will delay efficiencies and improvements in the national airspace system which are critical to improving the overall safety of civil aviation in the years ahead. The Committee believes that such delays could well jeopardize the safety of the airspace system. Furthermore, failure to pursue aggressively these improvements will ensure inflated operations costs for years to come.

Another Administration budget proposal which is of serious concern to the Committee is the request to fund 75% of the FAA's Operations account from the Aviation Trust Fund. This proposal is highly controversial. The Airport and Airways Act of 1982 expressly prohibits funding so large an amount from the Trust Fund. While the Administration will propose legislation to amend the 1982 Act to allow this, identical legislation has, in previous years, failed even to be introduced. The Committee has serious doubts that such a legislative initiative could or should succeed. Trust Fund revenue is generated by taxes levied on aviation system users. The Committee has consistently supported the policy that taxes paid for the use of the aviation system shall be returned to the users.

## ESSENTIAL AIR SERVICE PROGRAM

The Administration's budget contains no funding to support essential air service for small communities.

Under the Airline Deregulation Act of 1978, communities listed on an airline's certificate when that Act was passed were guaranteed essential air service until September 30, 1988. Where service cannot be provided without subsidy, payments are made to air carriers to enable them to provide that service.

The program's cost in terms of overall budget impact is small. In 1984 the Civil Aeronautics Board spent $36 million of a $50.8 million appropriation. In 1985, $34 million of a $41 million appropriation was spent. Outlays in 1986 are estimated to equal $38 million, but because of the previous years' carryover, an appropriation of only $27 million will be needed to meet the program's objectives. If the program is continued through its statutory termination date, estimated outlays in FY87 and FY88 would approach $32 million.

The Administration will submit legislation to eliminate this program. The Committee notes that a comparable measure, proposed last year by the Administration, failed to find a sponsor. No support for such legislation has been identified in the Committee this year.

## UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

USTTA continues to enjoy the support of the Committee in fulfilling its role of encouraging public and private sector promotion of U.S. travel and tourism abroad. The Administration's budget recommends phasing out the agency by the end of FY87 by allocating $4 million for the year--one fourth of its current budget. The Administration has proposed termination before, but it is likely that a majority of the Committee will support reauthorization of USTTA at a funding level comparable to that approved for 1986.

## NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The FY87 authorization for NTIA was contained in S. 1079, which was ordered reported by the Committee on May 9, 1985. S. 1079 authorizes $14.345 million for the agency in FY87. The Committee emphasizes that NTIA must have the funds to continue its role of establishing and conveying U.S. policies on international telecommunications issues and has targeted $500,000 of the authorization for this purpose.

## PUBLIC TELECOMMUNICATIONS AND INFORMATION PROGRAM

As part of the FY86 reconciliation conference report, H.R. 3128, the Committee authorized $28 million for FY87 for the PTFP program. The Committee has consistently opposed the Administration's requests that this program be eliminated.

## FEDERAL COMMUNICATIONS COMMISSION

The Committee included FY87 authorization for the FCC in the FY86 reconciliation conference report. This bill authorizes $97.6 million for the FCC. In this legislation the Committee included a provision authorizing the FCC to recover a portion of its regulatory costs through fees imposed on certain communications entities. The Committee believes the FCC's ability to collect these fees will provide an important revenue source.

## CORPORATION FOR PUBLIC BROADCASTING

The Committee included the FY87 CPB authorization in the FY86 reconciliation conference report. This bill authorizes $200 million for CPB in FY87 and provides for increased authorization levels for FY88-90. CPB funding has been a high visibility issue with two Presidential vetoes in 1984. There continues to be strong support on the Committee, and in the Senate, for this program.

## FEDERAL TRADE COMMISSION

For the first time since the end of FY82, the FTC stands a good chance of having an authorization. Committee members will soon participate in a conference on S. 1078. The Administration has requested slightly more than $69 million for the FTC in FY87, compared to the agency's FY86 budget authority of $65.5 million. The Senate-passed bill provides FY87 budget authority of $66.8 million for the FTC, which the Committee continues to support.

## CONSUMER PRODUCT SAFETY COMMISSION

The CPSC has been without an authorization since the end of FY83. However, both the House and the Senate have passed S. 1077 and are expected to confer early this year. The Administration has requested $33 million for CPSC in FY87, compared with the agency's FY86 budget authority of $36 million. The Committee is likely to find the Administration's FY87 request inadequate, necessitating the elimination or deferral of several important projects and programs at the Commission. Accordingly, the Committee is likely to support an FY87 budget authority level of $35 million. This level corresponds to the FY87 level in the Senate-passed authorization.

## NOAA/OCEAN AND COASTAL PROGRAMS

The Administration proposes deep cuts in ocean and coastal programs. Reductions of this magnitude are likely to be unacceptable to the Committee. The Administration's proposals to eliminate funding for the Sea Grant nd Coastal Zone Management Programs, for example, have been consistently rejected. Alternatives to cuts may have some potential. The Committee's proposed fee increases for charts and maps, for example, are included in the FY86 reconciliation conference report.

## MARINE FISHERY PROGRAMS

The proposed cuts are likely to be unacceptable to the Committee for the same reasons discussed in the previous paragraph.

The proposed $10 recreational fishing fee cannot be fully evaluated in the absence of a proposed bill. The affected users, however, will vigorously oppose it as an unjustified tax. It is unlikely that the Committee will accept it. Provisions for increased foreign fishing fees were included in the FY86 reconciliation conference report.

## MARITIME ADMINISTRATION

The Administration's proposal to repeal the cargo preference compromise set forth in the 1986 Farm Act will almost certainly not be acceptable to the Committee. This issue has been considered several times by the Committee and debated for several days by the full Senate.

## COAST GUARD

The Administration proposes a total funding level for the Coast Guard which allows for a slight increase after meeting the legally required but as yet unfunded pay raise ($30 million) and cost of living adjustments ($35 million).

The Committee notes that the proposed cut in the Acquisition, Construction and Improvements account is to be offset by diverting $190 million of the $375 million of FY86 funds made available to the Coast Guard from the Department of Defense Coastal Defense Augmentation Account. This proposal will no doubt create a considerable amount of controversy on the Committee.

The proposed user fees are unlikely to be acceptable to the Committee. They were carefully considered last year and rejected.

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Because of the January 28, 1986, loss of the Space Shuttle Challenger and its crew, it is impossible for the Committee to estimate NASA's FY87 requirements. The Administration's budget request for NASA does not reflect the effects of the accident on NASA's FY87 requirements. Consequently, NASA is reviewing all of its programs and supporting budgets to determine the accident's direct and indirect effects. Adding to the uncertainty of the FY87 budget request, NASA is also forced to review its FY86 operating plan.

As a result of the accident, NASA, the Administration, and this Committee are studying various options which might allow the nation to meet its short-term and long-term launch requirements. One option is the replacement of the Shuttle Challenger, which could cost as much as $2.2 billion. A decision to replace the shuttle or to fund another launch option could create additional FY87 funding requirements beyond the current FY87 budget request. It seems inevitable that NASA's needs will exceed the Administration's budget request.

Also, the Administration has submitted a rescission request for FY86 for the Advanced Communications Technology Satellite (ACTS) program. The Committee has rejected NASA's previous attempts to terminate this program because of its importance to U.S. technological leadership. The Committee is likely to oppose this rescission and to reauthorize the program in FY87.

## NOAA/ATMOSPHERIC PROGRAMS

The Committee is likely to oppose proposed reductions in staffing at the National Weather Service offices and in specialized weather services, including the proposed elimination of fruit frost warnings and agricultural weather forecasts and reduction of fire weather forecast services. The Committee will most likely want to authorize funding for NOAA's share of next generation weather radar (NEXRAD) development within NOAA's atmospheric budget, rather than out of the Federal Aviation Administration's Aviation Trust Fund, as proposed by the Administration.

The Administration proposed to eliminate funding for Landsat commercialization. The Committee notes that funding for a commercialization contract has been authorized through FY89 and that the contract's funding schedule calls for a $97 million FY87 appropriation.

The Committee is likely to maintain its past positions of supporting a funding increase for NOAA's geostationary (GOES) weather satellite system and opposing the elimination of one of NOAA's two polar-orbiting weather satellites.

## NATIONAL BUREAU OF STANDARDS

The Committee will likely oppose proposed reductions in order to permit construction of a Cold Neutron Research Facility at NBS, and to accept enhancements to the Bureau's Ceramics, Fiber-Optics, and Scientific Computing programs. The Committee is also likely to want to preserve the Bureau's Center for Building Technology and Center for Fire Research, as well as to protect funding for the Institute for Computer Sciences and Technology.

## OFFICE OF PRODUCTIVITY, TECHNOLOGY, AND INNOVATION

The Administration's budget proposes the elimination of this Office. The Committee is concerned about the effects of this proposal on the implementation of the Stevenson-Wydler Technology Innovation Act on other statutory responsibilities of the Department of Commerce. The Committee has not begun the process of authorizing this program, but will examine the Administration's proposal carefully.

## NATIONAL SCIENCE FOUNDATION

The Committee will consider a National Science Foundation authorization under an agreement for sequential referral from the Labor and Human Resources Committee. This Committee expects to support the Administration's request for those programs under its jurisdiction: Research and Related Activities, Antarctic Programs, and the Foreign Currency Program.

## FEDERAL EMERGENCY MANAGEMENT AGENCY
## U.S. FIRE ADMINISTRATION

The Administration's budget eliminates the U.S. Fire Administration. The Committee has begun the process of reauthorizing this program, and at this point is likely to authorize at approximately the FY86 funding level.

## FEDERAL EMERGENCY MANAGEMENT AGENCY
## NATIONAL FIRE ACADEMY

The Administration's budget eliminates the travel stipend for firefights attending the National Fire Academy. Congress has consistently rejected this cut in the past, and the Committee may well take the same action this year. The Administration's budget also proposes charging room fees for students at the Academy. The Committee will review this proposal carefully, and will compare it to comparable programs, such as the FBI's Police Academy.

## NATIONAL EARTHQUAKE HAZARDS REDUCTION ACT

The Earthquake program is a multi-agency progam which has already been authorized for FY87 at the following levels: FEMA--$5,848,000; USGS--$37,179,000;NSF--$29,009,000; NBS--$521,000. These numbers reflect a "freeze plus inflation (4%)" level compared to the FY86 authorization levels.

The Administration's budget proposes the elimination of the National Bureau of Standards portion of the program. As discussed above, the Committee will likely seek to reauthorize the the Center for Building Technology and, thus, the earthquake research.

## LOCAL RAIL SERVICE ASSISTANCE PROGRAM

The LRSA program provides discretionary and formula grants to the states for rail planning and track rehabilitation. The Administration's budget recommends no funding for this program, just as it did in FY86.

Last year the Committee examined the continuing need for this program in light of both the Administration's recommendation and the abandonment programs initiated by railroads pursuant to passage of the Staggers Rail Act in 1980 which permits railroads to abandon rail lines which do not cover costs. Some states have been particularly hard hit by abandonments, and the Committee decided to authorize continuing funding of LRSA for an additional three years. In fact, however, these authorization levels represent an actual reduction in funding. Presently, there remains $60 million in funds for LRSA to "remain available until expended." In the FY86 reconciliation conference report, the Committee included an LRSA authorization for three more fiscal years with a provision stating that "no funds are to be appropriated for the period after September 30, 1988." Thus, an actual savings in LRSA program funds is anticipated over the next few years. The authorization levels provide for $12 million in FY86, $10 million in FY87, and $8 million in FY88, for a total savings of $30 million.

## INTERSTATE COMMERCE COMMISSION

The ICC is responsible for the economic regulation of interstate surface transportation--truck, rail, bus, inland barges, and pipelines. The Administration's budget recommends sunsetting the ICC at the end of this fiscal year. This assumes that Congress will pass legislation completing trucking deregulation, and transfer most remaining ICC functions in the modal areas of the Department of Transportation.

While there is pressure to sunset the ICC, and this Committee has successfully sunsetted agencies in the past when they have outlived their usefulness, at the present time a majority of the Committee favors some continued funding of the agency. This year the Committee is expected to examine the need for further trucking deregulation, regulation in the rail area, and the appropriateness of funding reductions for the ICC.

## AMTRAK

Amtrak is the federally subsidized rail passenger carrier which provides intercity transportation service throughout the United States. Approximately 20 million passengers use Amtrak's passenger services annually.

The Administration's budget recommends zero funding for Amtrak for the second year in a row. While there is some support in the Committee and in Congress for terminating Amtrak funds, there is not a majority. Last year, as part of the FY86 reconciliation conference report, the Committee authorized Amtrak for FY86, FY87, and FY88. While the original Senate proposal was to cut Amtrak funding 15% for FY86, the Senate-House conferees agreed to a funding level of $600 million, representing a 12.4% decrease. The conference report also includes provisions to give Amtrak increased flexibility in reducing its costs. If efforts to revive the FY86 reconciliation conference report are successful, the matter of Amtrak funding for FY87 and FY88 will be resolved. Otherwise, it can be expected that an effort will be made to pass a separate authorization for Amtrak identical to that agreed to in this conference report.

## NATIONAL TRANSPORTATION SAFETY BOARD

The Administration's budget request of $21.4 million is $4.1 million less than the $25.5 million requested by NTSB. NTSB has appealed its proposed funding allowance to OMB. Since the NTSB's resources are heavily weighted toward aviation, any reduction in staff will necessarily have the greatest impact on the aviation program. Given the unprecedented number of major aircraft disasters in 1986, and the widespread concern about air safety, the strong sentiment of the Committee is likely to support higher funding levels for NTSB.

## RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION/DOT

The Research and Special Programs Administration is responsible for administering the Hazardous Materials Transportation Act, the Hazardous Liquid Pipeline Act, and the Natural Gas Pipeline Safety Act. The Committee considers these programs important, particularly in ensuring the safety of individuals transporting or affected by the transportation of hazardous materials and cargo. The Administration's budget reflects a slight increase in the funding for this agency and acceptable levels of funding for administration of these three programs.

As part of the FY86 reconciliation conference report, the Committee authorized the National Gas Pipeline Safety Act for FY86 and FY87. The FY87 authorization is $4.716 million. For the Hazardous Liquid Pipeline Safety Act, a two year authorization was set for FY86 and FY87, with the FY87 level at $917,000. The Committee expects to examine funding levels for the Hazardous Materials Transportation Act later this spring, with funding levels anticipated to be comparable to those recommended by the Administration's budget.

## MOTOR CARRIER SAFETY PROGRAM

The Committee has been consistently active in promoting various highway safety programs. To the extent that the Administration proposals reduce such programs, the Committee would be extremely concerned. During the last session, the Committee reported S. 863, the National Highway Traffic Safety

Administration (NHTSA) reauthorization bill which provides a total of $57,029 million in FY87 to the agency to fund the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act. These programs provide for safety research and development, enforcement of rulemaking including manufacturer compliance with motor vehicle safety and automotive fuel economy standards, investigation of safety-related motor vehicle defects and surveillance of odometer tampering. Additionally, the bill provides FY87 funding for the Highway Traffic Safety Grant program of $132 million. This program provides assistance to the states in the conduct of their highway safety and demonstration programs, including the National Occupant Protection Program. The drunk driving incentive grant program is funded at $29,232 million for FY87 to encourage states to enact anti-drunk driving laws which meet the federal guidelines.

The Committee is expected to consider S. 1903, the Commercial Motor Vehicle Safety Act, early this year. This bill establishes a Commercial Motor Vehicle Safety Fund to be composed of the fines and penalties collected by the states from commercial motor carriers violating federal truck and bus safety standards. A sum of $50 million is provided in FY87 funds to encourage the states to conduct more frequent random roadside inspections of interstate trucks and buses. Eventually, it is expected that the Commercial Motor Vehicle Safety Fund will support this program.

These particular programs are considered to be high priority items for a majority of Committee members.

## RAILROAD SAFETY

The FRA is responsible for issuing and enforcing railroad safety regulations, and for conducting railroad safety-related research and development. FRA also is responsible for managing the grants-in-aid program, which is a program under which certain states help enforce FRA's regulations. In turn, FRA pays up to 50 percent of the states' costs for enforcing the regulations.

The Administration's budget recommends that funding for the grants-in-aid program be eliminated. Over the last several years, the Committee has rejected similar recommendations in the belief that the program clearly strengthens the federal enforcement effort and improves rail safety. Last year, the

Committee approved S. 1080, which among other things, authorized $3.326 million for FY87 for this program. The Committee can be expected to approve a similar authorization bill in the future, if S. 1080 is not enacted.

We hope this information is helpful to the Budget Committee's deliberations and look forward to working with you in the coming months.

Sincerely,

Jack Danforth
John C. Danforth
Chairman

Fritz Hollings
Ernest F. Hollings
Ranking Minority Member

February 27, 1986

BUDGET AUTHORITY ($ in Millions)

| PROGRAM (Budget Function Number) | (1) FY86 APPROPRIATED LEVEL (prior to GRH cut) | (2) FY86 APPROPRIATED LEVEL (incl. 4.3% GRH cut*) | (3) FY 87 ADMINISTRA REQUEST | (4) $ INCREASE (DECREASE) ADMIN 87REQ vs 86 APPROP | (5) % INCREASE (DECREASE) ADMIN 87REQ vs 86 APPROP | (6) $ INCREASE (DECREASE) ADMIN 87REQ vs 86 APP-GRH | (7) % INCREASE (DECREASE) ADMIN 87REQ vs 86 APP-GRH | (8) FY87 AUTH in PL or PEND LEGIS |
|---|---|---|---|---|---|---|---|---|
| SCIENCE, TECHNOLOGY AND SPACE | | | | | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMIN | | | | | | | | |
| SPACE (250) | | 6,728.567 | 6,988.300 | | | 259.733 | 3.9% | |
| Research and Development | 2,402.800 | 2,300.683 | 2,604.600 | 201.800 | 8.4% | 303.917 | 13.2% | |
| -space station | 205.000 | 205.000 | 205.000 | 0.000 | 0.0% | 0.000 | 0.0% | |
| -space science | 1,029.800 | 1,029.800 | 937.400 | (92.400) | -9.0% | (92.400) | -9.0% | |
| -space applications | 518.700 | 518.700 | 601.200 | 82.500 | 15.9% | 82.500 | 15.9% | |
| -trans atmospheric vehicle | 0.000 | 0.000 | 45.000 | 45.000 | | 45.000 | | |
| Space Flight, Control, and Data Communication | 3,397.900 | 3,258.239 | 3,069.000 | (328.900) | -9.7% | (189.239) | -5.8% | |
| -shuttle production | 971.600 | 971.600 | 745.400 | (226.200) | -23.3% | (226.200) | -23.3% | |
| -shuttle operations | 1,725.000 | 1,725.000 | 1,524.700 | (200.300) | -11.6% | (200.300) | -11.6% | |
| -space flight tracking | 701.300 | 701.300 | 798.900 | 97.600 | 13.9% | 97.600 | 13.9% | |
| Construction of Facilities | | 120.773 | 152.100 | | | 31.327 | 25.9% | |
| Research and Program Management (salaries) | | 1,048.872 | 1,162.600 | | | 113.728 | 10.8% | |
| AIR TRANSPORTATION (400) | | 605.877 | 706.100 | | | 100.223 | 16.5% | |
| Research and Development | 354.000 | 338.778 | 398.500 | 44.500 | 12.6% | 59.722 | 17.6% | |
| Construction of Facilities | | 12.537 | 29.200 | | | 16.663 | 132.9% | |
| Research and Program Management (salaries) | | 254.562 | 278.400 | | | 23.838 | 9.4% | |
| Total NASA | 7,656.000 | 7,334.444 | 7,694.400 | 38.400 | 0.5% | 359.956 | 4.9% | |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (306 & 376) | 1,180.956 | 1,122.000 | 882.500 | (298.456) | -25.3% | (239.500) | -21.3% | |
| Ocean & Coastal Prog. (306) NOPS | 198.602 | 190.037 | 92.413 | (106.189) | -53.5% | (97.624) | -51.4% | ** |
| Marine Fishery Prog(376&306) NOPS | 162.109 | 155.462 | 96.689 | (65.420) | -40.4% | (58.773) | -37.8% | ** |
| Atmospheric Prog. (306) STS | 357.374 | 341.963 | 334.789 | (22.585) | -6.3% | (7.174) | -2.1% | |
| Satellite Prog. (306) STS | 335.666 | 321.191 | 263.479 | (72.187) | -21.5% | (57.712) | -18.0% | |
| Program Support (306) NOPS | 126.640 | 120.914 | 115.209 | (11.431) | -9.0% | (5.705) | -4.7% | ** |
| NATIONAL BUREAU OF STANDARDS (376) | 121.883 | 116.642 | 121.809 | (0.074) | -0.1% | 5.167 | 4.4% | |
| Center for Fire Research | | 3.100 | 0.000 | | | (3.100) | -100.0% | |
| Center for Building Tech. | | 5.141 | 0.000 | | | (5.141) | -100.0% | |
| ICST | | 9.732 | 0.000 | | | (9.732) | -100.0% | |
| Cold Neutron Research Facil. | | 0.000 | 10.000 | | | 10.000 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NATIONAL SCIENCE FOUNDATION (251) | | | | | | | | |
| Research | 1,352.205 | 1,294.060 | 1,479.000 | 126.795 | 9.4% | 184.940 | 14.3% | |
| Antarctic Programs | 115.100 | 110.151 | 117.000 | 1.900 | 1.7% | 6.849 | 6.2% | |
| Science and Engineering Educ. | 55.550 | 53.161 | 89.000 | 33.450 | 60.2% | 35.839 | 67.4% | |
| Foreign Currency Program | 1.000 | 0.957 | 0.700 | (0.300) | -30.0% | (0.257) | -26.9% | |
| Total NSF | 1,523.855 | 1,458.329 | 1,685.700 | 161.845 | 10.6% | 227.371 | 15.6% | |
| FED. EMERG. MANAGE. AG. (453) | | | | | | | | |
| US Fire Administration | 7.696 | 7.364 | 0.000 | (7.696) | -100.0% | (7.364) | 100.0% | |
| Nat. Fire Academy | 12.216 | 11.691 | 9.041 | (3.175) | -26.0% | (2.650) | -22.7% | |
| Earthquake | 5.620 | 5.379 | 5.628 | 0.008 | 0.1% | 0.249 | 4.6% | 5.8 |
| US GEOLOGICAL SURVEY (306) | | | | | | | | |
| Earthquake | 35.875 | 34.332 | 33.275 | (2.600) | -7.2% | (1.057) | -3.1% | 39.2 |
| CONSUMER | | | | | | | | |
| FEDERAL TRADE COMMISSION (376) | 65.500 | 62.683 | 69.045 | 3.545 | 5.4% | 6.362 | 10.1% | 66.8 |
| CONSUMER PRODUCT SAFETY COMMISSION (554) | 36.000 | 34.452 | 33.000 | (3.000) | -8.3% | (1.452) | -4.2% | 35.0 |
| COMMUNICATIONS | | | | | | | | |
| NATIONAL TELECOMMUNICATIONS INFORMATION ADMINISTRATION | | | | | | | | |
| Salaries (376) | 13.400 | 12.824 | 13.916 | 0.516 | 3.9% | 1.092 | 8.5% | 14.3 |
| Public Telecommunications Facil. Planning and Const. (503) | 24.000 | 22.968 | 0.000 | (24.000) | -100.0% | (22.968) | -100.0% | 28.0 |
| FEDERAL COMMUNICATIONS COMMISSION (376) | 94.400 | 90.341 | 96.363 | 1.963 | 2.1% | 6.022 | 6.7% | 97.6 |
| CORPORATION FOR PUBLIC BROADCASTING (503) | 159.500 | 159.500 | 200.000 | 40.500 | 25.4% | 40.500 | 25.4% | 200.0 |
| BUSINESS, TRADE, TOURISM | | | | | | | | |
| UNITED STATES TRAVEL AND TOURISM ADMINISTRATION (376) | 12.000 | 11.484 | 4.023 | (7.977) | -66.5% | (7.461) | -65.0% | 13.0 |
| SURFACE TRANSPORTATION | | | | | | | | |
| FEDERAL HIGHWAY ADMINISTRATION (401) | | | | | | | | |
| Motor Carrier Safety Grants | 17.000 | 16.269 | 0.000 | (17.000) | -100.0% | (16.269) | -100.0% | 50.0 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (401) | | | | | | | | |
| Operations and Research (federal) | 53.957 | 51.637 | 54.890 | 0.933 | 1.7% | 3.253 | 6.3% | 57.0 |
| Highway Traffic Safety Grants (Sec 402 contract authority) | 132.000 | 126.324 | 110.000 | (22.000) | -16.7% | (16.324) | -12.9% | 132.0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Drunk Driving Incentive Grants (Sec 408) | 28.800 | | 0.000 | (28.800) | -100.0% | | | 29.2 |
| RESEARCH AND SPECIAL PROGRAMS ADMIN (407) | 19.300 | 18.470 | 20.024 | 0.724 | 3.8% | 1.554 | 8.4% | 9.25 for pipeline safety |
| INTERSTATE COMMERCE COMMISSION (401) | 48.180 | 46.108 | 12.900 | (35.280) | -73.2% | (33.208) | -72.0% | |
| FEDERAL RAILROAD ADMINISTRATION(401) | | | | | | | | |
| Office of Administrator (FY87 request incl Union Sta funds) | 10.120 | 9.685 | 10.958 | 0.838 | 8.3% | 1.273 | 13.1% | |
| Railroad Safety (incl. R&D) | 38.364 | 36.714 | 35.819 | (2.545) | -6.6% | (0.895) | -2.4% | 32.4 w/o R&D |
| Rail Service Assistance (incl LRSA and Union Sta) | 20.200 | 19.332 | 0.000 | (20.200) | -100.0% | (19.332) | -100.0% | |
| Conrail Labor Protection (603) | 0.000 | 0.000 | 0.000 | 0.000 | | 0.000 | | |
| Northeast Corridor Improve Prog. | 12.500 | 11.962 | 0.000 | (12.500) | -100.0% | (11.962) | -100.0% | |
| Grants Natl. Rail. Passenger Corp | 587.500 | 562.237 | 0.000 | (587.500) | -100.0% | (562.237) | -100.0% | 606.1 |
| DOT--OFFICE INSPECTOR GENERAL (407) | 27.600 | 26.413 | 27.630 | 0.030 | 0.1% | 1.217 | 4.6% | |
| DOT--OFFICE OF SECRETARY (407) | | | | | | | | |
| Salaries | 54.800 | 52.443 | 56.540 | 1.740 | 3.2% | 4.097 | 7.8% | |
| Transfer from ICC | 0.000 | 0.000 | 7.800 | 7.800 | | 7.800 | | |
| Payments to air carriers | 28.000 | 26.796 | 0.000 | (28.000) | -100.0% | (26.796) | -100.0% | |
| Total Office of Sec. | 82.800 | 79.239 | 64.340 | (18.460) | -22.3% | (14.899) | -18.8% | |
| NATIONAL TRANSPORTATION SAFETY BOARD (407) | 22.300 | 21.341 | 21.430 | (0.870) | -3.9% | 0.089 | 0.4% | |
| AVIATION | | | | | | | | |
| FEDERAL AVIATION ADMINISTRATION(402) | | | | | | | | |
| Operations (total) | 2,759.000 | 2,640.363 | 2,799.780 | 40.780 | 1.5% | 159.417 | 6.0% | |
| (federal share) | 2,313.000 | 2,213.541 | 699.945 | (1,613.055) | -69.7% | (1,513.596) | -68.4% | |
| (trust fund share) | 446.000 | 426.822 | 2,099.835 | 1,653.835 | 370.8% | 1,673.013 | 392.0% | |
| Facil. and Equip. (trust fund) | 993.000 | 950.301 | 825.000 | (168.000) | -16.9% | (125.301) | -13.2% | 1,164.0 |
| Res. Eng. and Devel. (trust fund) | 190.000 | 181.830 | 134.500 | (55.500) | -29.2% | (47.330) | -26.0% | 193.0 |
| Grants-in-aid Airport(trust fund) | 1,017.000 | 973.269 | 1,017.200 | 0.200 | .0% | 43.931 | 4.5% | 1,017.0 |
| Limitation on obligations | 925.000 | 885.225 | 712.500 | (212.500) | -23.0% | (172.725) | -19.5% | |
| Op.and Maint. Metro Wash Airports | 34.100 | 32.634 | 34.600 | 0.500 | 1.5% | 1.966 | 6.0% | |
| Construction Metro Wash Airports | 7.000 | 6.699 | 7.000 | 0.000 | 0.0% | 0.301 | 4.5% | |
| total Wash. Metro Airports | 41.1 | 39.333 | 41.6 | 0.500 | 1.2% | 2.267 | 5.8% | |
| Total federal funds for FAA | 2,355.595 | 2,254.369 | 741.545 | (1,614.050) | -68.5% | (1,512.824) | -67.1% | |
| Total trust funds for FAA | 2,646.000 | 2,532.222 | 4,076.535 | 1,430.535 | 54.1% | 1,544.313 | 61.0% | |
| MERCHANT MARINE | | | | | | | | |
| COAST GUARD (403) | 2,330.400 | 2,242.000 | 2,404.000 | 65.600 | 2.8% | 162.000 | 7.2% | |
| Operating Expenses | 1,627.000 | 1,557.039 | 1,832.800 | 205.800 | 12.6% | 275.761 | 17.7% | |
| Acquisit. Construct. Imp. | 217.300 | 207.956 | 77.100 | (140.200) | -64.5% | (130.856) | -62.9% | |
| Alteration of Bridges | 5.200 | 4.976 | 0.000 | (5.200) | -100.0% | (4.976) | -100.0% | |
| Retired Pay | 351.800 | 341.489 | 354.000 | 2.200 | 0.6% | 12.511 | 3.7% | |
| Reserve Training | 61.502 | 58.857 | 65.200 | 3.698 | 6.0% | 6.343 | 10.8% | |
| Research and Develop. | 21.000 | 20.097 | 20.500 | (0.500) | -2.4% | 0.403 | 2.0% | |
| MARITIME ADMINISTRATION (403) | | | | | | | | |
| Operating-Diff. Subsidies | 299.500 | 299.500 | 320.000 | 20.500 | 6.8% | 20.500 | 6.8% | |
| Research and Development | 9.900 | 9.474 | 5.500 | (4.400) | -44.4% | (3.974) | -41.9% | |
| Operations and Training | 69.700 | 66.703 | 53.343 | (16.357) | -23.5% | (13.360) | -20.0% | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| subtotal | 379.1 | 375.677 | 378.843 | (0.257) | -0.1% | 3.166 | 0.8% | |
| Federal ship financ. | 500.000 | 499.867 | 99.915 | (400.085) | -80.0% | (399.952) | -80.0% | |
| FEDERAL MARITIME COMMISSION (403) | 11.870 | 11.360 | 11.940 | 0.070 | 0.6% | 0.580 | 5.1% | |
| NOPS | | | | | | | | |
| MARINE MAMMAL COMMISSION (302) | 0.900 | 0.861 | 0.848 | (0.052) | -5.8% | (0.013) | -1.5% | 1.1 |

See NOAA above for other programs in NOPS.

* U. Ostrom has calculated the % difference between the numbers in the first two columns. All GRH cuts are 4.3% (within 1%) except for CG Retired Pay cut is 2.9%, and Federal Ship Financing Fund cut rounds off to 0%. Note that some programs within agencies were not cut.

** Pending FY87 authorizations for many of the programs in these categories are at the FY86 appropriation level plus 4.5%.

NOTE: the program funding levels shown above do not necessarily add up to the agency totals shown.

JAMES A. McCLURE, IDAHO, CHAIRMAN

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**United States Senate**
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
WASHINGTON, DC 20510

February 25, 1986

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with section 301(d) of the Congressional Budget and Impoundment Control Act of 1974, as amended, enclosed is the report of the Committee on Energy and Natural Resources for fiscal year 1987.

In the preparation of this report, the Committee held two days of hearings at which testimony was received from Administration witnesses. The recommendations of the Committee were approved on February 25, 1986, by a vote of 15 ayes and 2 nays with a quorum present.

Our review of the information provided with your letter of February 13 indicates what, in our judgement, are some reoccuring, incorrect assumptions on the part of the Budget Committee regarding the assignment of committee jurisdiction. Therefore we are enclosing a complete list of appropriations accounts that, in the past, have been considered wholly or partially within the jurisdiction of the Committee on Energy and Natural Resources. A similar list was provided last year. We wish to renew our request that the necessary changes be made in the Congressional Budget Office materials to assure that future assignments of our Committee's jurisdiction are correct.

On behalf of the Committee, we look forward to working with your Committee to achieve early Congressional approval of the Concurrent Resolution on the Budget for Fiscal Year 1987.

Sincerely,

J. Bennett Johnston
Ranking Minority Member

James A. McClure
Chairman

# COMMITTEE ON ENERGY AND NATURAL RESOURCES
# UNITED STATES SENATE

## RECOMMENDATION
## ON
## FISCAL YEAR 1987 BUDGET

February 25, 1986

### Background

The Committee on Energy and Natural Resouces, by February 25, must submit its views on the budget for fiscal year 1987 to the Senate Budget Committee, in accordance with section 301(d) of the Congressional Budget and Impoundment Control Act, as amended.

During the week of February 17, 1986, the full Committee held hearings during which testimony was received from Secretary of Energy John S. Herrington (on February 18); Secretary of the Interior Donald Paul Hodel (on February 18); acting Federal Energy Commission Chairman Anthony G. Sousa (on February 19); and Assistant Secretary of Agriculture Peter C. Myers and Forest Service Chief R. Max Peterson (on February 19).

The Committee approved the following recommendation on February 25 in open business meeting by a vote of 15 ayes and 2 nays, with a quorum present.

The Senate Budget Committee has asked that the Committee's recommendations contain three elements: (1) the Committee's recommendations for the total level of Federal spending for all programs under the Committee's jurisdiction, focusing on increases or decreases from the CBO (Congressional Budget Office) Current Services Baseline; (2) the Committee's recommendations for the total levels of net Federal credit authority for all programs under the Committee's jurisdiction, again focusing on increases or decreases from the CBO Current Services Baseline; and (3) the Committee's position on each of the President's major budget initiatives.

Before making its recommendations, the Committee wishes to note that since 1981 when the Congress, and the Committee, began efforts with the fiscal year 1982 budget to streamline and make the Federal Government more efficient, funding for programs within the jurisdiction of the Energy and Natural Resources Committee has decreased from approximately $16.5 billion to $13.0 billion for fiscal year 1986 (See table). This is an absolute decrease of 21 percent, which corresponds to approximately a 31 percent reduction after inflation. Therefore, the Committee is concerned that the President's proposed fiscal year 1987 budget requests a further reduction of $3.2 billion (or approximately 25 percent) for programs within the jurisdiction of the Committee, down to $9.8 billion. This proposed cut in one year is comparable to the reductions that it has taken us five years to achieve. For this, and other reasons, the Committee is concerned that further budget cuts of this size in national energy and natural resource activities may seriously weaken the United

States' energy and natural resources base that is a vital part of our national economic strength.

## Recommendation

With this as background, the Committee makes the following observations and recommendations regarding the Federal budget for fiscal year 1987. The Committee on Energy and Natural Resources recommends to the Budget Committee that, except as noted herein, programs within its jurisdiction be funded in fiscal year 1987 at an aggregate current services level, after the fiscal year 1986 sequester but before adjustment for the President's proposed fiscal year 1986 rescissions and deferrals. The Committee understands that the CBO Baseline as furnished by your Committee reflects such deferrals and, as such, is not an expression of Congressional budget policy, but of Administration policy. For example, the President has proposed $1.625 billion in fiscal year 1986 deferrals for the civilian programs of the Department of Energy alone which are reflected in the CBO Current Services Baseline, although not yet acted on by the Congress. Therefore when the Committee refers to the current services level in this report, it means the baseline after adjustments are made for the fiscal year 1986 sequester but not any proposed deferrals or rescissions.

With regard to the General Science and Basic Research subfunction (251), the Committee recommends the current services level, as defined herein.

With respect to the Energy function (270), with the following specific exception, the Committee recommends funding at a current services level, as defined herein. The Committee notes that the judgement and order of the United States District Court for the District of Columbia in United States v. Exxon Corp. is now final. Pursuant to the order almost $2.1 billion in petroleum overcharge refunds will be disbursed to the States and U.S. territories and possessions based upon their pro rata consumption of petroleum products during the period of violation. These monies are to be utilized by the States in accordance with the so-called Warner Amendment (Sec. 155 of P.L. 97-377).

The Committee further observes that these funds represent approximately seven years of funding for the affected four DOE energy conservation programs (on a current services basis). Therefore the Committee supports a reduction in direct Federal funding for these programs in the present period of budgetary restraint. Nevertheless, in the judgement of the Committee, because of the amounts of monies involved, DOE must provide adequate administrative funding and maintain adequate oversight of the States' use of these funds as if they were grants made under the DOE program.

The Committee also observes that there is an additional $1.1 billion in the escrow account, which under current Administration policy will be paid into the General Fund of the Treasury in the fall of 1986, if the Congress does not enact legislation providing a specific means for its distribution.

The Committee is aware in general terms of the Administration's recurring proposal to privatize the Department of Energy's Power Marketing Administrations for an estimated $13.879 billion. (This amount represents the estimated unrecovered Federal investment.) At this time the Committee cannot support such sale of the PMA's as a general matter. The Committee has serious reservations as to whether (1) such sale represents a good public policy for this admittedly very complex issue or (2) if there were a sale, whether the Federal treasury would receive fair and equitable revenues from such sale.

However, while the Committee remains skeptical, the Committee is prepared to fully evaluate the details of the Administration's specific proposals, which have yet to be transmitted to the Congress. In fact, at this time, DOE cannot provide the Committee with an estimate of the original or replacement costs of each PMA. Consequently the Committee has no basis for evaluation of the Administration's proposal which clearly has major potential political and economic implications for the affected States, as well as possible windfalls for purchasers.

The Committee has evaluated the current repayment schedule and practices of the PMA's, particularly Bonneville, and does not believe that any changes are necessary or desirable.

The Committee observes that the Bonneville Power Administration's request for borrowings in its budget authority reflects its resource strategy, developed in cooperation with the Northwest Power Council, and its transmission construction and maintenance plans with a host of utilities. The Committee is concerned about the Administration's proposed use of "undistributed reductions" for the conservation and transmission parts of Bonneville's budget. In the judgement of the Committee, this is a deferral of funds that the Congress has already expressly appropriated in previous appropriations acts. The Committee believes that those funds should be restored and Bonneville's borrowing authority adjusted accordingly.

With regard to the Strategic Petroleum Reserve (SPR), the Committee once again notes the continuing conflict in the Persian Gulf and the ever present threat of another severe world oil supply disruption. Therefore the Committee continues to support continuation of fill of the Strategic Petroleum Reserve and continuation of construction of the 750 million barrels of Reserve storage capacity authorized by the Congress. The Committee is opposed to the Administration's renewed, proposed moratorium on fill and construction of the Reserve. In the judgement of the Committee, the DOE should continue such activities consistent with the policies set forth in the conference report on the Consolidated Omnibus Budget Reconciliation Act of 1985 (H.Rept. 99-453), which is an average fill rate of at least 35,000 barrels per day for each of fiscal years 1986, 1987, or 1988, or until 527 million barrels are in storage in the SPR. Nothing in this position alters the Committee's commitment to the current objective of completion of a 750 million barrel Reserve. This recommendation presumes the necessary funding for completion of the Big Hill, Texas, storage facility.

The Committee also is aware of the Administration's proposal to deposit a portion of uranium enrichment revenues in the Treasury in payment of unrecovered prior-year Federal Government costs. The Committee supports this proposal as reflected in the policy set forth in the conference report on the Consolidated Omnibus Budget Reconciliation Act of 1985 (H.Rept. 99-453).

With respect to the Environment and Natural Resources function (300), with one exception, the Committee recommends funding at a current services level, as defined herein. The Committee is aware of the Administration's intent to propose changes in recreational and user fees. In the judgement of the Committee, it may be possible to reach an agreement in fiscal year 1987 on adjustments to and use of National Park Service entrance fees and other recreational or special fees. The Committee, however, is opposed to the imposition of entrance fees affecting Forest Service and other public lands.

The Committee also is aware of the Administration's proposal to change the formula for the distribution to States and counties of Department of Agriculture timber sales receipts and Department of the Interior on-shore oil and gas leasing receipts on a net basis after deduction of program costs. The Committee is opposed to this proposal. Moreover, the Committee is concerned about the apparent fiscal year 1986 sequestration of the State share of such receipts under the Gramm-Rudman-Hollings Act. These are not Federal monies; they are State monies that the Federal Government is simply collecting for the States on their behalf. If the effect of sequestration is to delay their disbursement to the States that is one thing. But if the effect is to treat the sequestered amounts as new Federal revenues, then the Committee is opposed.

With respect to the Other General Government subfunction (806), the Committee supports the current services level, as defined herein.

With respect to the Undistributed Offsetting Receipts function (950), the Committee is aware of the Administration's proposed sale of the DOE owned Naval Petroleum Reserves at Elk Hills, California, and Teapot Dome, Wyoming, with the proceeds from such sale to be reflected in the budget as undistributed offsetting receipts (function 950). In the judgement of the Committee, such sale would not only be shortsighted but could produce a major windfall for the buyers in today's market of falling oil prices. According to the DOE, the current reserves at Elk Hill are approximately 713 million barrels of which an estimated 550 million barrels are owned by the Federal Government. There also are an estimated 200 million barrels recoverable with enhanced oil recovery techniques. The DOE estimates that the aggregate gross revenues from Elk Hills alone will be $8.5 billion over the next ten years; the aggregate net revenues after deducting expenses and taxes are approximately $6.2 billion. In addition, there are the revenues in subsequent years. By comparison, the Administration estimates that sale of these reserves would bring in approximately $3 to $5 billion, or approximately $6 per barrel. In addition, the Federal government has a residual investment in the pipelines and other physical facilities at the site. Any sale of Elk Hills is futher complicated by special features of the Naval Petroleum Reserve Production Act which provide a set-aside of Federal oil for small refiners as well as a requirement that the Federal share of production be transported on a common carrier basis by pipelines with available capacity. These factors are not addressed by the Administration's proposal.

Also in the Undistributed Offsetting Receipts function (950), the Committee supports enactment of legislation to settle the legal dispute between the Federal Government and the States on the amount and distribution of section 7 and 8(g) revenues. The Committee is aware that the proposed formulas for distribution of such revenues vary from 4 percent as assumed in the President's proposed budget for fiscal year 1987, to 27 percent as contained in the conference report on the Consolidated Omnibus Budget Reconciliation Act of 1985, up to 50 percent assumed in the CBO Baseline. If not resolved in fiscal year 1986, the Committee expects to resolve this matter in fiscal year 1987.

Within these aggregate current services levels, as defined herein, for each budget function, the Committee has not made specific recommendations with regard to the individual programs comprising those functions. However, the Committee is concerned that certain programs within the Department of the Interior, and Department of Agriculture, be adequately funded. For example, in adopting this recommendation for the aggregate functional totals, the Committee anticipates that the following programs will be maintained within the CBO Baseline functional total at approximately the fiscal year 1986 current services level of program activity: Land and Water Conservation Fund (including the State grant program) and Historic Preservation.

The Committee recommendations assume that its Fiscal Year 1987 recommendation is continued on a current services level through Fiscal Year 1989.

The Committee recommendation is accompanied by a list of appropriations accounts either wholly or partially within the jurisdiction of the Committee (Appendix). The Committee requests that the necessary changes be made in the CBO data base so that in the future these accounts will be correctly assigned to our Committee.

## RECOMMENDATION

### COMMITTEE ON ENERGY AND NATURAL RESOURCES
### FISCAL YEAR 1987 BUDGET
(Thousands of dollars)

| | FY 1986 APPROPRIATIONS | FY 1987 CBO CURRENT SERVICES BASELINE | PRESIDENT'S PROPOSED FY 1987 BUDGET | COMMITTEE RECOMMENDATION FY 1987 |
|---|---|---|---|---|
| GENERAL SCIENCES a/ | 766.1 | 799.9 | 890.4 | 799.9 |
| ENERGY b/ | 5,842.2 | 5,890.6 | 3,103.8 | 5,890.6 |
| NATURAL RESOURCES AND ENVIRONMENT c/ | 4,960.0 | 5,139.3 | 4,582.9 | 5,139.3 |
| COMMUNITY AND REGIONAL lEVELOPMENT d/ | 7.9 | 6.0 | 6.2 | 6.0 |
| GENERAL GOVT. e/ | 427.8 | 244.7 | 232.9 | 244.7 |
| GENERAL PURPOSE FISCAL ASST. f/ | 1,004.4 | 1,195.6 | 950.9 | 1,195.6 |
| TOTAL | 13,008.4 | 13,276.1 | 9,767.1 | 13,276.1 |

FOOTNOTES

a. Includes programs of the Department of Energy and National Science Foundation (U.S. Antarctic programs).

b. Includes programs of the funds appropriated to the President, Department of Energy, Department of Housing and Urban Development, Department of the Interior, Department of the Treasury, and Office of the Federal Inspector for the Alaska Natural Gas Transportation System.

c. Includes programs of the Advisory Council on Historic Preservation, Department of Agriculture, Department of Defense, and Department of the Interior.

d. Includes programs of the Alaska Land Use Planning Commission, Department of Energy, Department of Housing and Urban Development, and Pennsylvania Avenue Development Corporation.

e. Includes programs of the Department of the Interior, General Services Administration, and United States Holocaust Memorial Council.

f. Includes programs of the Department of the Interior and Department of the Treasury.

## APPROPRIATIONS
## COMMITTEE ON ENERGY AND NATURAL RESOURCES
## FISCAL YEARS 1982 TO 1985
## (DOLLARS IN MILLIONS)

| AGENCY | FY 82 Actual | FY 83 Actual | FY 84 Actual | FY 85 Actual | FY 86 Est. | FY87 Cur. Ser. | FY87 Prop. | Comm. Rec. |
|---|---|---|---|---|---|---|---|---|
| Department of Agriculture | $1,886 | $1,944 | $1,725 | $1,839 | $1,962 | $1,964 | $1,499 | $1,964 |
| Department of Defense - Civil | $5 | $5 | $6 | $15 | $12 | $12 | $12 | $12 |
| Department of the Interior | $4,012 | $4,491 | $4,753 | $4,914 | $4,282 | $4,489 | $4,142 | $4,489 |
| Department of the Treasury<br>(Energy security reserve) | $63 | $72 | $93 | $97 | $100 | $110 | $108 | $110 |
| (Rescission) | | | | | ($6,912) | | | |
| Department of Energy | | | | | | | | |
| Civilian programs | $6,469 | $6,820 | $7,296 | $6,896 | $5,602 | $5,778 | $3,078 | $5,778 |
| (SPR On-budget) | $191 | $242 | $618 | $0 | $306 | $198 | $0 | $198 |
| (SPR off-budget) | $3,684 | $2,074 | $650 | $2,049 | $598 | $598 | $0 | $598 |
| (Rescission) | | | | | | | | |
| Subtotal (SENR) | $10,345 | $9,136 | $8,564 | $8,945 | $6,506 | $6,574 | $3,078 | $6,574 |
| (Defense programs) | $4,737 | $5,718 | $6,555 | $7,325 | $7,232 | $7,382 | $8,230 | $8,230 |
| TOTAL: | $15,002 | $14,854 | $15,119 | $16,270 | $13,738 | $13,956 | $12,108 | $14,804 |
| Dept. of Housing & Urban Dev. | $22 | $20 | $25 | $15 | $0 | $0 | $0 | $0 |
| Other independent agencies: | | | | | | | | |
| Adv. Council on Hist. Preservation | $2 | $2 | $2 | $2 | $2 | $2 | $1 | $2 |
| National Science Foundation | $69 | $83 | $103 | $111 | $110 | $116 | $117 | $116 |
| Off. Fed. Inspector Alaska Pipeline | $19 | $6 | $3 | $1 | $1 | $1 | $1 | $1 |
| Penn. Ave. Development Corp. | $18 | $11 | $12 | $7 | $8 | $6 | $6 | $6 |
| U. S. Holocaust Commission | $1 | $1 | $2 | $2 | $2 | $2 | $2 | $2 |
| U. S. Synthetic Fuels Corp. | $12 | $16 | $18 | $40 | $23 | $0 | $0 | $0 |
| Subtotal | $16,453 | $15,787 | $15,305 | $15,987 | $6,096 | $13,276 | $9,766 | $13,276 |
| Adjustment for Rescissions | | | | | $6,912 | | | |
| Total Budget Authority | $16,453 | $15,787 | $15,305 | $15,987 | $13,008 | $13,276 | $9,766 | $13,276 |

## APPENDIX

### APPROPRIATION ACCOUNTS EITHER WHOLLY OR PARTIALLY WITHIN THE JURISDICTION OF THE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

| FUNCTION, SUBFUNCTION, AGENCY, AND PROGRAM ACCOUNT | TREASURY ACCOUNT NO. |
|---|---|
| NATIONAL DEFENSE (050) | |
| Atomic Energy Defense Activities (053) | |
| DEPARTMENT OF ENERGY (19-10) | |
| Atomic Energy Defense: Operating Expenses (shared) | 89-0220 |
| Atomic Energy Defense: Plant & Capital Equipment (shared)............................ | 89-0221 |
| GENERAL SCIENCE, SPACE & TECHNOLOGY (250) | |
| General Science and Basic Research (251) | |
| DEPARTMENT OF ENERGY (19-20) | |
| General Science and Research activities: | |
| Operating Expenses........................... | 89-0222 |
| Plant and Capital Equipment (Inactive)......... | 89-0223 |
| NATIONAL SCIENCE FOUNDATION (31-45) | |
| Research and Related Activities (shared)....... | 49-0100 |
| U.S. Antarctic Programs ....................... | 49-0200 |
| ENERGY (270) | |
| Energy Supply (271) | |
| FUNDS APPROPRIATED TO PRESIDENT (04-45) | |
| Petroleum Reserves (shared) ..................... | 11-5001 |
| DEPARTMENT OF ENERGY | |
| Energy Programs (19-20) | |
| Advances for Cooperative Work (SENR Spending Account) ....................... | 89-8575 |
| Alternative fuels production FFB direct loans............................ | 89-7007 |
| Alternative Fuels Production.................... | 89-5180 |
| Clean Coal Technology Reserve .................. | 89-0117 |
| Energy Supply R&D ............................. | 89-0224 |
| Fossil Energy Research and Development......... | 89-0213 |
| Geothermal Resources Development Fund ......... | 89-0206 |
| Geothermal Resources Development Fund FFB direct loans............................ | 89-7006 |
| Naval Petroleum and Oil Shale Reserves......... | 89-0219 |
| Nuclear Waste Disposal Fund .................... | 89-5227 |
| Spent fuel storage fund (Inactive)............. | 89-4011 |
| Uranium Supply and Enrichment Activities....... | 89-0226 |

| | |
|---|---|
| ENERGY (270) - (CONT'D) | |
| Energy Supply (271) - (Cont'd) | |
| DEPARTMENT OF ENERGY (Cont'd) | |
| Power Marketing Administrations: (19-50) | |
| Alaska Power Administration: Operation & Maintenance | 89-0304 |
| Bonneville Power Administration Fund........... | 89-4045 |
| Southeastern Power Administration: | |
| Operation and Maintenance .................. | 89-0302 |
| Continuing Fund (SENR Spending Account) ..... | 89-5653 |
| Southwestern Power Administration: | |
| Operation and Maintenance .................. | 89-0303 |
| Continuing Fund (SENR Spending Account) ..... | 89-5649 |
| Western Area Power Administration: | |
| Colorado River Basin power marketing fund ... | 89-4452 |
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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510

February 25, 1986

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Honorable Lawton Chiles
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Pete and Lawton:

On behalf of the Committee on Environment and Public Works, we transmit our annual budget report on the President's budget request, as required by the Congressional Budget Act of 1974.

This report results from a careful examination of all of the programs within the Committee's jurisdiction. The Committee held three days of hearings to review the requests of the Environmental Protection Agency, the Nuclear Regulatory Commission and the Fish and Wildlife Service. In addition, we received written testimony and budget submissions from all of the other agencies within our jurisdiction.

No committee of the Senate or the House is more sensitive to the need for a successful conclusion to the budget process for the coming fiscal year. None of the programs within our jurisdiction are protected from the across-the-board reductions that may result, if the budget process fails. Therefore, we are committed to working with you to accomplish significant deficit reductions.

As you will recall, last year this Committee exceeded, by several hundred million dollars, the budget reductions that were required of us in the reconciliation instructions. Although reconciliation has not been adopted by the Congress as yet, we insisted that our savings be incorporated in the transportation appropriations so they have actually been realized in this fiscal year.

Looking to the budget requests of our agencies in the 1987 fiscal year, we have taken the CBO current services estimates as a baseline according to the instructions in your letter of February 13, 1986. We believe that significant savings can be made against that baseline, as we have outlined in the attached report. The Committee has already reported -- and in some cases the Senate has adopted -- legislation that can guide the budget process in many areas. These bills include reauthorization of Superfund and the Clean Water Act and an omnibus water resources bill. In addition, we expect that the Committee will be reporting a new highway program early in this session of the Congress.

We hope that the recommendations in the attached Committee report will prove useful to you and other members of the Budget Committee, as you prepare the budget resolution for fiscal year 1987. As we have in the past, we stand ready to assist you in your efforts to reduce the budget deficits facing the nation.

Sincerely,

Lloyd Bentsen

Lloyd Bentsen
Ranking Member

Robert T. Stafford
Chairman

### Programs Within the Jurisdiction of the Committee on Environment and Public Works

### Fiscal Years 1986 and 1987

New Budget Authority
(in millions of dollars)

| | 1986 Appropriation[1] | 1987 Current Services | 1987 Committee Recommendati |
|---|---|---|---|
| Direct Spending: | | | |
| Federal Highway Administration[2] | $13,200.0 | $13,500.0 | $13,200.0 |
| Appropriated Programs: | | | |
| Environmental Protection Agency | | | |
| Operating Budget | 1,426.1 | 1,479.0 | 1,479.0 |
| Construction Grants | 574.2[3] | 2,505.0 | 2,400.0[4] |
| Superfund | 861.3 | 904.0 | 1,500.0[5] |
| Corps of Engineers | 2,785.0 | 2,983.0 | 2,856.0 |
| Nuclear Regulatory Commission | 400.0 | 416.0 | 416.0 |
| Fish & Wildlife Service[6] | 584.0 | 605.0 | 605.0 |
| Tennessee Valley Authority | 100.0 | 104.0 | 104.0 |
| Council on Environmental Quality | .67 | .7 | .82 |
| Disaster Relief | 96.0[7] | 121.0 | 100.0 |
| Kennedy Center | 5.0 | 5.0 | 5.0 |
| Water Resources Research | 12.2 | 12.7 | 12.7 |

1. Appropriations for 1986 are after the 4.3% reduction required according to the provisions of P.L. 99-177.

2. Amounts for the Federal Highway Administration reflect all spending from the Highway Trust Fund including amounts outside the obligation limitation. However, these figures are not budget authority.

3. Both the appropriation for 1986 and the President's budget request for 1987 include a supplemental of $1.8 billion for the 1986 fiscal year.

4. The $2.4 billion recommendation for fiscal year 1987 reflects the authorization levels in S. 1128 which was adopted by the Senate and is pending in conference committee.

5. The recommendation of $1.5 billion for fiscal year 1987 reflects the authorization levels in S. 51 (H.R. 2005) of $7.5 billion over five years which has been adopted by the Senate.

6. The budget authority figures for the Fish and Wildlife Service reflect only those accounts which are within the Committee's jurisdiction and not the entire F&WS program.

7. The President has requested a supplemental appropriation of $250 million for disaster assistance for fiscal year 1986.

## FEDERAL HIGHWAY ADMINISTRATION

The Committee's fiscal year 1987 recommendation for the Federal-aid highway program is $13.2 billion in spending authority. Amounts for the Federal-aid highway program reflect all spending from the Highway Trust Fund including amounts outside the obligation limitation. However, these figures are not budget authority.

The recommended level for fiscal year 1987 represents the same level of spending authority available in fiscal year 1986 and represents a decrease of $1.4 billion over fiscal year 1986 budget authority. The Federal-aid highway program is authorized by the Surface Transportation Assistance Act (STAA) of 1982 through fiscal year 1986. Congress must pass a highway authorization bill in order for the Federal-aid highway program to continue after October 1, 1986.

The President's budget request for fiscal year 1987 contains $12.8 billion in budget authority, with an obligation limitation of $12.4 billion. There is $400 million available in budget authority not subject to the obligation limitation. Emergency relief and Minimum Allocation are the two categories not subject to the obligation limitation. The Administration has transmitted a bill to

Congress to reauthorize the highway program for fiscal years 1987 through 1990.

Members of the Committee intend to introduce legislation shortly which will be used as the basis to reauthorize the highway program for fiscal years 1987 to 1990.

The Federal-aid highway program is funded 100 percent through highway user fees which accrue to the Highway Account of the Highway Trust Fund and can only be spent for highway purposes. As of December 31, 1985, the balance in the Highway Account was $9.2 billion. The Treasury Department estimates that receipts into the Highway Account will total approximately $12.9 billion in fiscal year 1986. This amount will increase to a level of approximately $13 billion by 1990.

The STAA of 1982 provided significantly increased funding for needed rehabilitation and construction of highways and bridges and raised highway user fees to provide the necessary financing. It is the Committee's intention that the Federal-aid highway program be funded at a level which utilizes the balance in the Highway Account and anticipated revenue receipts.

The Committee believes that at a minimum current spending levels for the highway program should be maintained. During consideration of reauthorization legislation, the Committee will carefully review the appropriate authorization level for the program.

## Environmental Protection Agency

### Summary

The budget of the Environmental Protection Agency has three major elements: the operating budget; the wastewater treatment construction grants program; and the Superfund program.

The Committee is recommending new budget authority of $1.479 billion for the operating program for fiscal year 1987. This is less than the Congress actually appropriated for fiscal year 1986, but matches a current services level after the sequester required by P.L. 99-177. For Superfund and the construction grants program, the Committee recommendations are based on reauthorization proposals that have already been adopted by the Senate. S. 1128 provides for $2.4 billion for construction grants. S. 51 (H.R. 2005), as adopted by the Senate, included a five-year, $7.5 billion reauthorization of the Superfund program. The Committee is recommending $1.5 billion in new budget authority for Superfund in 1987. Although this amount is above the current services level, it is important to note that Superfund is financed by a dedicated tax.

## Operating Budget

The Environmental Protection Agency has regulatory and research responsibilities for several significant programs under the Committee's jurisdiction. Among the statutes administered by the Agency are the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Solid Waste Disposal Act including the amendments made by the Resource Conservation and Recovery Act, and the Marine Protection, Research and Sanctuaries Act.

For fiscal year 1986 the Congress appropriated $1.490 billion for the EPA operating budget. This amount was reduced to $1.426 billion as a result of the sequester required by the Balanced Budget and Emergency Deficit Reduction Act of 1985. In hearings before the Committee the Administrator of EPA indicated that the budget sequestration will be implemented at the program level which means a 4.3% reduction will be applied to each of about 260 program line items. The Administrator also indicated that no personnel will be terminated, nor will any congressionally established deadlines be missed, as a result of the first sequester under P.L. 99-177.

For fiscal year 1987 the President is recommending an operating budget of $1.376 billion. This is $50 million or 3% less than is available to the Agency in 1986. The Agency's request for 1987 submitted to the President last fall was some $230 million more than the President's budget submission to the Congress. The reductions from the $1.606 billion actually sought by the Agency did not fall on one or a few programs, but were spread evenly across the Agency.

The Committee's recommendation for fiscal year 1987 is $1.479 billion in new budget authority for the operating programs. This amount is equivalent to the 1986 appropriation, including the sequester, extended at current services levels into the new fiscal year. Although the Committee will not make a complete recommendation as to the allocation of the funds that are recommended above the request at this time, the Committee does include the following comments on specific aspects of the operating budget as a part of its recommendation.

## Asbestos-in-Schools

The President's budget request proposes a termination of the grants and loans that have been made available to schools for the abatement of asbestos hazards in school buildings. The asbestos-in-schools program was recently transferred from the Department of Education to the Environmental Protection Agency where approximately $50 million per fiscal year has been dedicated to grants, loans and technical assistance to abate asbestos hazards. Testimony before the Committee in the First Session of this Congress by Jack Moore, assistant administrator for pesticides and toxic substances at EPA, indicated that asbestos is one of the most clearly identified threats to public health in the United States. That this threat continues to confront the nation's school children daily, after years of Congressional effort to mitigate the problem, has prompted the Committee to assert again the sense of the Congress that the asbestos-in-schools program should be a high priority at the Environmental Protection Agency.

The Committee specifically recommends that the grants and loans under the asbestos-in-schools program be funded in fiscal year 1987 at least at the levels that were available in fiscal years 1985 and 1986.

## Radon

Radon has emerged as a growing national public health issue. Federal estimates place the number of Americans exposed to dangerous levels of radon in their homes at six million or more and the number of lung cancer deaths occurring each year due to radon exposure as high as 30,000. The Committee believes that radon programs at EPA should be funded in accordance with the emphasis given the program by the Administrator in his budget submission to the President.

In fiscal year 1986, EPA projects expenditures of $4,490,000 on radon research and mitigation work. The expenditures are allocated as follows: $330,000 for research on the health effects of radon exposure; $1,170,000 for studies of risk assessment and exposure assessment; $2,760,000 for mitigation research and demonstration projects; and $230,000 for dissemination of information to the public.

The Committee recommends a funding level for fiscal year 1987 consistent with expenditures for 1986. This funding will allow EPA to continue its effort on radon, assessing the extent of the problem nationally, improving mitigation techniques, providing technical guidance to the states, and providing information to the public. An increase in the staff allotment commensurate with these tasks is in order. A level of 27 FTE is recommended. The Committee believes that this work is important and should be carried out as initiated in 1986.

## Nonpoint Source Pollution

The Committee wishes to assure that the Agency has the resources that it needs to carry out its policy on nonpoint sources of pollution to the nation's surface waters.

Nonpoint pollution is identified in a recent major report of the Association of State and Interstate Water Pollution Control Administrators as the cause of water use impairments in about one-quarter of the assessed rivers, streams and lakes in the nation.

Increased resources should be made available to provide technical assistance to the States to develop programs to control nonpoint pollution in priority waters. S. 1128, legislation to reauthorize the Clean Water Act which was reported by the Committee and adopted overwhelmingly by the Senate, contains specific and substantial authorizations for this purpose.

The Committee recommends that resources sufficient to support the original EPA request of 30 FTE and $2 million in contract authority for fiscal year 1987 be made available to implement the nonpoint source pollution control program.

## Drinking Water

The Committee has reported and the Senate has passed, S. 124, legislation to reauthorize the Safe Drinking Water Act. This bill will require the Agency to adopt maximum contaminant levels for 83 drinking water contaminants within a three-year period. Once established at the national level, MCLs are actually implemented by the 60,000 public water supply systems that provide drinking water for the American public.

Many of these water supply systems ar small and technically unspohisticated operations owned and managed by municipal governments. Their capacity to monitor for the new MCLs is doubtful and thus, the Senate bill contains substantial authorizations for technical assistance.

One program of technical assistance to small water suppliers, the National Rural Water Association, is already in place. This organization, which has chapters in more than 30 states, provides the technically qualified "circuit riders" that are supported by the Senate reauthorization and which are necessary to make the drinking water program an effective element in public health protection for millions of Americans.

The President's budget request for the Environmental Protection Agency for fiscal year 1987 proposes a termination of the grant to the National Rural Water Association. The Committee, however, recommends that this grant be continued at levels made available by the 1986 appropriation, $2.1 million.

## Research and Development

The research and development program serves two important functions. It provides necessary information to the Agency to enable the establishment of standards under various laws and develops information needed to identify emerging environmental problems.

The fiscal year 1987 request for the EPA research and development program represents a 5% decrease below the fiscal year 1986 levels and is still under the 1981 levels -- when Superfund was not included. The Committee recommends that funding be continued at the level provided in 1986.

The Committee remains concerned about the lack of stability reflected in funding to the research and development program. Particularly affected are projects not directly linked to standard setting efforts. There is a 21% proposed reduction to interdisciplinary research. This program contains the Agency's long-term and exploratory research efforts including grants to the Centers of Excellence. There is a role for basic research in EPA's mission that should be fully supported. The Committee urges the Agency to adopt a more coherent planning effort to provide stability to long-term anticipatory research.

## Underground Injection Control

The underground injection control (UIC) program was established under the Safe Drinking Water Act (SDWA) to protect underground drinking water sources from contamination through subsurface injection of hazardous and nonhazardous waste. EPA estimates that approximately 60% of the hazardous waste produced annually is disposed of by this method.

States have been encouraged to assume primacy for the UIC program because implementation and enforcement of such programs, requiring site-specific permit evaluations and a regular enforcement presence in the field, is most effective at the state level. At the end of 1985, 33 states had achieved full primacy and 5 had partial primacy for their UIC programs.

The first priority for states assuming primacy has been the permitting of injection wells. As permitting activities decrease, enforcement activities become essential to the assurance of permit compliance. State program officials have alerted the Committee to the fact that the existing budget does not provide adequate assistance to the States, on a matching basis, to establish consistent and effective enforcement programs.

The President's budget request of $8.5 million for 1987 represents a $600,000 decrease in program grants funding from 1985, while the enforcement workload increased. The Committee believes that effective state UIC programs are essential to the prevention of groundwater contamination from these potential sources. The Committee recommends that $9.5 million be made available in 1987 for UIC program grants.

## Wastewater Treatment Construction Grants

The wastewater treatment construction grants program is authorized by Title II of the Clean Water Act. When the program was last reauthorized in 1981, Congress was able to significantly reduce the long-run Federal share of the program by limiting categories of eligible construction and cutting the matching rates. These steps were taken at the request of the Administration and as a result the projected needs for Federal funds in the program were reduced to approximately $24 billion for the following ten-year period (1982-1991). There was an explicit commitment by the Administration that it would support an annual appropriation of $2.4 billion over the entire ten-year period to meet these projected needs. That commitment was most recently restated before the Committee by William Ruckelshaus at the Committee's hearing on the 1985 budget request (at page 548).

> "...I think that while there may be some at OMB who would prefer not to see this kind of program continue, I have not run in personally to those people at OMB, and there is an understanding that there is an agreement with the administration with the Congress that for 10 years this level of funding, at least, is a commitment. If you will note the difference between what we submitted to the President in terms of our budget and what we are now requesting is somewhat less. We went down to $2.37 billion, and it went back up to $2.4 billion as a result of that commitment. That was something the administration put back into our budget over our submission."

The program reauthorization enacted in 1981 expired on September 30, 1985. Both the Senate and the House of Representatives have passed legislation to reauthorize the Clean Water Act (H.R. 8, S. 1128). Although the conference committee meeting on these bills has not yet reported, both bills provide for $2.4 billion for the construction grants program for fiscal years 1987, 1988, and 1989. The House bill also provides funding during this period for a related revolving loan program.

For fiscal year 1986 the Congress appropriated only $600 million for the construction grants program because the reauthorization had not been signed into law. However, both the 1986 appropriations measure and the President's 1987 budget request make a commitment to a supplemental appropriation of $1.8 billion for fiscal year 1986 as soon as the reauthorization is in place.

The March 1 budget authority sequestration under P.L. 99-177 will reduce new funds available for obligation in 1986 by $25.8 million. Including the expected supplemental appropriation, new budget authority for 1986 will be $2.374 billion.

The President's 1987 budget request includes a proposal to phase-out the construction grants program over a four-year period beginning in fiscal year 1987. Thus, the President has requested only $1.8 billion for 1987; $1.2 billion for 1988; and $.6 billion for 1989.

The Committee recommends budget authority of $2.4 billion for the wastewater treatment construction grants program in fiscal year 1987 and like amounts in 1988 and 1989 consistent with the commitments made at the time of the 1981 reauthorization and the legislation that has already been adopted by both the Senate and the House of Representatives in this Congress.

## Superfund

The Comprehensive Environmental Response, Compensation and Liability Act (Superfund) of 1980 authorized a five-year, $1.6 billion program to respond to releases of hazardous substances into the environment. Authority to impose a tax on feedstocks used in chemical manufacturing, which has been the principal sources of funds for the program over its first five years, expired on September 30, 1985.

Although both the Senate and the House of Representatives have passed legislation to reauthorize Superfund, a long-term extension of the program has not been signed into law. For fiscal year 1986 the Congress appropriated $900 million for Superfund. This amount will be reduced to $861.3 million as a result of the P.L. 99-177 sequester. However, the 1986 appropriation is not available for obligation until the feedstock or other taxes are authorized to support the trust fund. Therefore, the Environmental Protection Agency has been operating the program with limited funds carried over from 1985.

The Committee is recommending that $1.5 billion be made available for the continued operation of Superfund in 1987. This recommendation is consistent with the Senate's overwhelming approval of a five-year, $7.5 billion reauthorization last year. It is also consistent with the funds assigned to Superfund for 1987 in the fiscal year 1986 budget resolution.

Within the Superfund program, there are three areas of special concern to the Committee: 1.) a direct and increased allocation of funding to the Agency for Toxic Substances and Disease Registry; 2.) a commitment of funds to the fulfillment by the Environmental Protection Agency of its legal obligation to respond to all releases of hazardous substances, without regard to source, on the basis of the threat which is posed to health; and 3.) compliance by the Environmental Protection Agency with its obligation under law to reimburse other Federal agencies for the costs of developing regulations for the assessment of natural resource damages and related activities.

In each of these areas, the Environmental Protection Agency has repeatedly evinced reluctance to comply with the requirements of the law as currently written. In the latter two areas, the Agency sought changes in the law, but these proposals were rejected by the Committee during its development of the comprehensive reauthorization. In the first area -- funding for the Agency for Toxic Substances and Disease Registry -- it has been necessary in each budget and appropriations cycle for the Congress to act affirmatively to assure adequate funding.

## Funding for ATSDR

The Agency for Toxic Substances and Disease Registry was created by the Superfund law for the express purpose of exercising the health authorities created under CERCLA, as well as other laws. ATSDR is an independent, co-equal agency. While some of its funds are to pass through EPA as part of site-specific responses, the bulk of its funding is to be provided directly for the purpose of supporting broader and more general responsibilities. These include testing of specific chemicals and mixtures, training health professionals, maintenance of computerized and other sources of toxicological information and the creation and maintenance of disease registries. For these purposes and others, ATSDR is to make specific requests directly to the Office of Management and Budget, not to the Environmental Protection Agency. For fiscal year 1987, ATSDR requested $39.78 million, but the submitted budget does not specifically include funds for ATSDR. It is essential that the activities of ATSDR be fully funded. Therefore, of the sums made available for the Superfund program, $39.78 million should be provided directly to ATSDR by appropriation, consistent with the original request.

## Responses to Lead Contamination

The Superfund law authorizes governmental responses to all releases of toxic chemicals, even though it is widely and erroneously thought of as a "dumpsite" law. This misinterpretation has been fostered in part by the unwillingness of the Environmental Protection Agency to exercise the full scope of the law's authority. A case in point is its failure to consider responses to some releases of lead, a metal which is of no known nutritional value but toxic in most, and perhaps all, known compounds. Several senators have complained to members of the Committee of EPA's unwillingness to evaluate lead releases on the basis of the threat posed to human health. One example of the concerns that have been expressed is a letter from Senators Weicker and Kennedy dated December 6, 1985 (reprinted below).

If EPA chooses to respond to releases of lead later rather than sooner on the grounds that other toxic chemicals pose a greater threat to human health, the decision is supported by law. But if the Agency makes such a choice -- or more to the point, a decision to not even consider response to such releases -- on the grounds that Superfund covers only wastes or dumpsites, it is in violation of both the letter and spirit of CERCLA. Therefore, of the amounts made available for Superfund, some are to be spent evaluating the nature and extent of the threat posed to human health by the releases of lead from building exteriors. In addition, EPA is to assure that all releases, regardless of source or medium, are to be evaluated by the same standard, with none excluded from consideration merely because the Agency may disagree with the Congressional decision to make Superfund a broad, rather than a narrow, response program.

Natural Resource Damage Assessments

CERCLA requires that regulations for the assessment of damage to natural resources be developed by the Federal government. This is because responsible parties are liable not only for the costs of cleanup, but also for the costs of damage done to the environment by releases of hazardous substances. The development of these regulations is, therefore, a prerequisite to the proper implementation of CERCLA. Equally essential to the law's proper implementation is the actual assessment of damages. Yet the Environmental Protection Agency has refused to compensate other agencies for the costs associated with such activities. The law not only contemplates that such costs would be reimbursed, but requires it. Therefore, the Environmental Protection Agency shall, from the sums made available from the Superfund program, provide reimbursement to other agencies for the costs of developing regulations, assessing damages and undertaking the restoration of natural resources.

Congressional concern for the proper development of the natural resource damage claims section of CERCLA is apparent in many communications received by the Committee including the letter from Senators Weicker, Gorton, Cranston, and Wilson dated January 30, 1986 and reprinted below.

LOWELL P. WEICKER, JR.
CONNECTICUT
[illegible]

[illegible]

**United States Senate**
WASHINGTON, DC 20510

STATE OFFICES
BRIDGEPORT
[illegible]
Phone 203-579-5830
[illegible]
HARTFORD
[illegible]
Phone 203-722-2792
[illegible]
WATERBURY
[illegible]
Phone 203-573-9137
Toll Free 1-800-882-2241

December 6, 1985

The Honorable Robert Stafford
Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear ~~Senator Stafford:~~ Bob

We are writing to express our concerns regarding the lead poisoning of children from non-industrial paint sources of lead and to support an immediate response by the Environmental Protection Agency to address this major health threat.

Common environmental sources of urban lead poisoning emanate from the deposition of lead based paint chips falling from structures and the long-term accumulation of lead in soil due to gasoline emissions. It is well documented that the poisoning of thousands of children occurs even today from exposure to these sources of lead. To date, the EPA has failed to recognize and take action to address the impact this environmental pollutant has upon our nation's health.

We believe that the EPA, within the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, or the Superfund program), has jurisdiction and is mandated to participate in eliminating the continued environmental lead poisoning of children. Based on our experience with the EPA Superfund activities in the Northeast, we believe that the Agency has failed to live up to its mandate by refusing to include sites of high lead contamination in the Superfund National Priorities Listing system. Failure to address these environmentally contaminated sites ignores congressional intent to protect the public health.

Our concern for protecting this country's population from lead poisoning is reflected in our amendments to the Senate CERCLA reauthorization bill which authorized the EPA to actively engage in programs directed at clean up of lead contaminated sites. We request your assistance in joining with us to bring this matter to the attention of the EPA.

Sincerely,

Edward M. Kennedy
United States Senator

Lowell P. Weicker, Jr.
United States Senator

United States Senate
WASHINGTON, DC 20510

January 30, 1986

The Honorable Robert Stafford
Chairman, Environment and Public
 Works Committee
United States Senate
Washington, D.C.

Dear Senator Stafford:

We are writing to express our concern for the proper implementation of the natural resource provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or "Superfund"). CERCLA requires appointed trustees to perform assessments of damages to natural resources resulting from releases of hazardous substances. Such assessments are an integral part of any complete analysis of the health and environmental threats and damages to resources emanating from facilities, including those on the Environmental Protection Agency's (EPA's) National Priorities List (NPL). CERCLA also directs resource trustees to act, subject to a statute of limitations, to recover damages, including assessment and restoration costs. Assessment and restoration of natural resources for public use complements cleanup of public health threats to comprehensively address releases from waste sites.

In clear and specific language, CERCLA directs EPA to reimburse trustees from Superfund for the costs of natural resource damage assessment and for subsequent restoration. The National Oceanic and Atmospheric Administration (NOAA) is an appointed trustee of affected marine and coastal resources due to its expertise in and authority over such resources. However, except to fund one health-related study, EPA has refused NOAA's requests for assistance in conducting damage assessment, including one for New Bedford Harbor, Massachusetts, that state's number one NPL site. EPA's denial of all such claims will result in NOAA and other Federal trustees performing damage assessments by either diverting funds from other agency programs, or requesting specific funding through the budget process and all of the hurdles.

The issue of natural resource damage assessments and the related efforts to recover assessment costs and damages and to restore damaged resources for public use are important components of CERCLA. Trustees' involvement with various Superfund sites, such as New Bedford, Massachusetts, where PCB's have contaminated fish and shellfish consumed by humans, is critical to protecting public health, the affected habitat and the commercial and recreational utilization of the natural resources. Future work proposed for such sites as Santa Monica Bay, California and Commencement Bay, Tacoma, Washington depends upon a well implemented CERCLA in close coordination to the various resource trustees. We would appreciate your assistance in assuring that NOAA be reimbursed for the cost of fulfilling its role as trustee. Further, we request your assistance in assuring that all trustees be enabled to assess and to restore damaged resources, when appropriate, subject to a more compatible statute of limitations and to cooperate in a timely fashion with EPA and states in cleanups to protect public health. You have our support to produce a strong and comprehensive reauthorization of CERCLA.

Sincerely,

Alan Cranston
Alan Cranston
United States Senator

Lowell P. Weicker, Jr.
United States Senator

Pete Wilson
Pete Wilson
United States Senator

Slade Gorton
Slade Gorton
United States Senator

## WATER RESOURCE DEVELOPMENT

Four Water Resources Programs are within the jurisdiction of the Committee on Environment and Public Works: (1) The U.S. Army Corps of Engineers, (2) Federal water planning activities authorized under the Water Resources Planning Act, (3) The Water Resources Research Act, and (4) certain small watershed projects undertaken by the Soil Conservation Service of the Department of Agriculture.

For the Corps of Engineers, in Fiscal Year 1987, the President has requested new spending authority of $3,078,000,000. The President also estimated offsetting receipts of $222 million from existing charges and new user charges which would recover a portion of the expenditures for the maintenance of coastal harbors and increased recreational fees. Thus, new net authority for the Corps in Fiscal Year 1987 would be $2,856,000,000.

The Fiscal Year 1987 Budget reverses the trend of recent years in water resources development. This is the first year in the past decade in which the President's Budget requests an increase in the construction program of the Corps of Engineers. Nevertheless, expenditures on operation and maintenance activities will continue to exceed construction expenditures, as they have since Fiscal Year 1983.

The President's Budget calls for $1,046,000,000 in new budget authority for the Corps' "Construction General" account, plus another $298 million for its Mississippi River and Tributaries Flood Control project (MR & T), $200 million of which would go toward construction. These two accounts provide the following Corps activities: protecting communities against flooding, developing hydropower resources, improving navigation, augmenting water supply, and protecting beaches.

By comparison, the Fiscal Year 1986 appropriations were $919 million for construction, plus $315 million for MR & T. Thus the Fiscal Year 1987 request for these two programs is up by $110 million.

The Administration has made it clear that this reversal is tied to anticipated Congressional passage of S. 1567, the Water Resources Development Act. This legislation includes the authorization of the new cost sharing formulas and navigation user fees on which the Administration has based its Fiscal Year 1987 budget request. Should this legislation stall in the Congress this year, the Administration has made clear its intention to revise the Corps budget request at a later date. Such a revision would likely reduce the funding for new construction activities and maintenance.

In the area of Water Research and Federal water policy coordination, the Administration has placed the accounting of the funds allocated to the water resources institutes in the budget for the Geological Survey.

The Administration has requited $7.2 million for the Institutes for the Fiscal Year 1987 budget. This is a $5 million decrease from the Fiscal 1986 appropriation level of $12.2 million.

## COMMITTEE RECOMMENDATIONS

### SPENDING LEVELS

The Committee recommends, for Fiscal Year 1987, a Corps of Engineers program at a level identical to the Administration's dollar request, and a water research program which remains at current services levels. Specifically, this means that the Fiscal Year 1987 net program levels would be as follows:

| | |
|---|---|
| Army Corps of Engineers.............................. | $2,856,000,000 |
| Water research and Federal water policy coordination | 12,700,000 |

## NUCLEAR REGULATORY COMMISSION

### I. Summary:

The Committee recommends $416.0 million for salaries and expenses of the Nuclear Regulatory Commission (NRC) for fiscal year 1987. This recommended funding level constitutes a "current services" budget for fiscal year 1987, after taking into account the 4.3 percent sequester in the NRC's fiscal year 1986 budget, as required under Public Law 99-177, and is based upon the assumptions transmitted to this Committee in the February 13, 1986 letter from the Budget Committee. The Committee is not recommending at this time that the NRC increase, or substantially modify the manner in which it assesses license fees pursuant to the Independent Offices Appropriation Act; nor is the Committee prepared to recommend at this point that the NRC be granted new or additional authority to assess license fees or user fees, or to employ other alternative approaches to fund NRC activities or programs. These issues will be the subject of a more detailed examination by the Committee upon receipt of a comprehensive report from the NRC on the issue of alternative funding approaches, and will be addressed by the Committee at that time.

### II. Budget Request:

The Administration has requested $405 million for the Nuclear Regulatory Commission for fiscal year 1987. This amount represents a three percent reduction in the funds appropriated to the Commission for fiscal year 1986 ($418 million), prior to the Gramm-Rudman-Hollings sequester of

4.3 percent. Under Gramm-Rudman-Hollings, the Commission's fiscal year 1986 budget will be reduced by approximately $18 million, the amount of the reduction required as a result of the 4.3 percent sequester, leaving the Commission with approximately $400 million in funds for fiscal year 1986. The $405 million requested for the Commission for fiscal year 1987 represents an increase of approximately one percent over this amount.

In addition, the Administration is proposing that the NRC impose a fee of $500 per million watts of rated thermal capacity on all operating nuclear power plants, for the purpose of partially recovering the costs to the federal government of regulating such plants. The Administration estimates that such a fee will increase receipts by $200 million annually, beginning in 1987. Under the Administration's proposal, it is the Committee's understanding that such receipts would be returned to the General Fund of the Treasury, rather than directly to the Commission as an offset against annual appropriations. [It is not clear whether the Administration's estimate of the total receipts to be generated under this proposal includes, or is in addition to, the license fees currently assessed by the NRC pursuant to the Independent Offices Appropriation Act. The Committee has been advised that, under this existing authority, the Commission currently assesses approximately $50 to $60 million annually in license fees.]

## II. Previous Legislative Action:

On June 13, 1985, the Senate passed a two-year authorization for the NRC, for fiscal years 1986 and 1987 (S.895, reported by the Committee on Environment and Public Works on May 15, 1985). This bill, which is now pending before the House, authorizes $437 million in funds for the NRC for fiscal year 1987.

In addition, the House and Senate conferees on the omnibus reconciliation bill agreed in December of last year to a provision authorizing the Commission to assess and collect annual charges from its licensees in an amount that, when added to other amounts collected by the NRC, shall not exceed 33 percent of the NRC's budget for each fiscal year. Assuming the current level of NRC expenditures, this is expected to result in the collection of additional fees in an amount up to approximately $80 million per year. The charges assessed pursuant to this authority must be reasonably related to the regulatory service provided by the Commission, and are to fairly reflect the cost to the Commission of providing such service. This provision establishes a standard for the assessment of fees that is separate and distinct from the NRC's existing authority under the Independent Offices Appropriation Act of 1952, in order to permit the NRC to recover more fully the costs associated with regulating various categories of NRC licensees. The provision is not intended, however, to authorize the NRC to recover any costs that are not reasonably related to the regulatory service provided by the Commission, nor is it intended to authorize the Commission to recover any costs beyond those that, in the judgment of the Commission, fairly reflect the cost to the Commission of providing a regulatory service. Furthermore, under this provision, the Commission may assess and collect annual charges from its licensees only after the expiration of 45 calendar days following receipt by the Congress of a report by the Commission regarding its authority to collect annual charges prior to the enactment of the reconciliation bill, including the authority provided pursuant to the

Independent Offices Appropriation Act of 1952. The Commission's report must be completed and submitted to the Congress within 90 days after enactment of the reconciliation bill. In addition, the Commission must promulgate rules, after notice and opportunity for public comment, establishing the amount of the charges to be assessed pursuant to this authority, before any such charges may be assessed. The conferees agreed that, because certain Commission licensees, such as universities, hospitals, research and medical institutions, and uranium producers have limited ability to pass through the costs of these charges to the ultimate consumer, the Commission should take this factor into account in determining whether to modify the Commission's current fee schedule for such licensees. This compromise provision, which is contained in section 7601 of H.R. 3128, is still pending before the Congress. [The Committee notes that the agreement reached by the conferees in December, in the context of the Congress' consideration of the reconciliation legislation pending before the Congress at that time, may warrant reconsideration in the event that the reconciliation legislation is modified in any significant manner. In addition, the Committee notes that the approach agreed to by the conferees, if enacted, may require further modification, based upon the report to be submitted to the Committee by the Commission, discussed below.]

## III. The Committee's Recommendation:

The Committee recommends $416.0 million for salaries and expenses of the NRC for fiscal year 1987. This amount represents a $21 million reduction in the amount already authorized by the Senate in the Commission's authorization bill for fiscal years 1986 and 1987 (S.895). The recommended funding level reflects a "current services" budget for the Commission for fiscal year 1987, based upon a fiscal year 1986 funding level of $400 million (the amount available to the Commission after the 4.3 percent reduction required pursuant to Public Law 99-177).

In this regard, the Committee notes, with some concern, that the funds appropriated to the Commission in recent years have declined precipitously, from $465 million in fiscal year 1984 to $400 million in fiscal year 1986. As in the past, the Committee is committed to looking for additional economies beyond those already included in the Commission's request, that may permit the NRC to carry out its statutory responsibilities in the most efficient and effective manner, consistent with protection of the public health and safety. Indeed, the Commission testified at a hearing before the Committee on February 19, 1986 that a number of steps have been taken or are contemplated to realize such additional economies. The Committee commends the Commission for these steps.

On the other hand, however, the Commission is responsible for carrying out a wide range of activities essential to ensuring that the use of source, special nuclear, and byproduct material is regulated in a manner that adequately protects the public health and safety. In this regard, important new responsibilities have been assigned by the Congress to the Commission under the the recently-enacted "Nuclear Waste Policy Act of 1982" and the "Low-Level Radioactive Waste Policy Amendments Act of 1985". These new statutory responsibilities, together with the Commission's continuing responsibilities under the Atomic Energy Act of 1954, as amended, to regulate facility and materials licensees, must, in the judgment of the

Committee, be adequately funded. Accordingly, based upon the request submitted by the Administration, and after a careful evaluation of the activities and programs to be carried out by the Commission in fiscal year 1987, the Committee is recommending a "current services" funding level of $416 million for fiscal year 1987.

The Committee is sensitive to the urgent need to achieve significant reductions in the federal deficit. Accordingly, the Committee has asked the Commission to submit by April 1, 1986, a comprehensive report on alternative approaches to funding the programs and activities of the Commission, including the Administration's proposal that the NRC impose a fee of $500 per million watts of rated thermal capacity on all operating nuclear power plants, in partial recovery of NRC's costs for regulating those plants, as well as other alternatives, such as use of the Nuclear Waste Fund to pay for those Commission expenses related to implementation of the "Nuclear Waste Policy Act of 1982." The report to be submitted by the Commission is to include an evaluation of the various alternative approaches, including the amount that will be generated by each such approach, a detailed discussion of the advantages and disadvantages of each such approach, the Commission's recommendation on each such approach, and, where the Commission endorses a given approach, draft legislative language to implement that approach. The Committee has specifically requested the Commission to structure each such approach in a manner that will ensure that three objectives are achieved: (1) the funding mechanism should ensure that there is a reasonable and equitable relationship between the fee assessed and the benefit or service provided; (2) the funding mechanism should provide some form of budgetary "credit" to the Commission for the fees assessed, so that such fees are applied to NRC activities and programs for which the collection of such fees can be justified, rather than simply applying the funds collected to reduction of the federal deficit by depositing them directly in the General Fund of the U.S. Treasury; and (3) the funding mechanism should avoid or minimize any regulatory conflict of interest.

Upon receipt of the Commission's report, the Committee intends to examine the approaches recommended in careful detail and to determine at that time which, if any, of the approaches should be pursued. With regard to the various approaches that have been discussed to date, one of the options, use of the Nuclear Waste Fund to pay for Commission expenses associated with implementation of the "Nuclear Waste Policy Act of 1982", is of special interest to this Committee in light of the importance of the nuclear waste program and because of this Committee's longstanding and active interest in this legislation--an interest that extends not only to the formulation of the initial Act, but to the day-to-day implementation of this program, as well. In order to ensure that this program is carried out in a successful manner, the Committee is most interested in ensuring that adequate funding is available for both the Department of Energy and the Nuclear Regulatory Commission to meet their respective statutory obligationsunder this Act. In this regard, the Committee wishes to emphasize that in the event that use of the Nuclear Waste Fund is pursued by the Committee as a means of funding the Commission's activities under the "Nuclear Waste Policy Act of 1982", it is essential that sufficient funds be appropriated by the Congress to the Nuclear Waste Fund to cover the programmatic expenses of the Department of Energy, as well as such expenses of the Nuclear Regulatory Commission as may be necessary for the Commission to carry out its statutory obligations under the Act.

# FISH AND WILDLIFE SERVICE

## Summary

The President's fiscal year 1987 budget request for appropriations to the U.S. Fish and Wildlife Service (FWS) is $295,385,000, a 23 percent reduction of $86,145,000 from the appropriations enacted by Congress for the current fiscal year 1986 and a 19 percent reduction of $69,793,000 from the 1986 spending levels adjusted by P.L. 99-177. In addition, the President's budget proposes a recission of $4,951,000 in land acquisition for the current fiscal year 1986. The Committee recommendation for the FWS programs subject to appropriations (excluding land acquisition from the Land and Water Conservation Fund) is $319,036,000, which is the current services level for fiscal year 1987. The total fiscal year 1987 budget request for the FWS, excluding land acquisition but including an estimated $286 million from permanent accounts, under the President's proposal and under the Committee's recommendation is $579.9 million and $605.0 million, respectively.

Background

The U.S. Fish and Wildlife Service (FWS) has principal responsibility and authority for migratory birds, threatened and endangered species, certain marine mammals, and lands controlled by the Service under the Migratory Bird Treaty Act, the Endangered Species Act, the National Wildlife Refuge System Administration Act, the Fish and Wildlife Coordination Act and other statutes within the Committee's jurisdiction. The FWS manages a National Wildlife Refuge System consisting of 433 refuges, 152 waterfowl production areas, and 58 wildlife management areas totaling 90 million acres. The Service also operates 73 fish hatcheries and 11 laboratories.

Despite the FWS' increasing responsibilities to manage and protect fish and wildlife and their habitats under these statutes, the President's budget proposal for fiscal year 1987 would reduce the amount of funds appropriated to the fiscal year 1983 level. While the Committee recommendation of $319,036,000 for the FWS programs subject to appropriation (excluding the land acquisition account) is $22,151,000 higher than the President's budget proposal, the recommended funding level is more than $21 million under the amount appropriated by Congress for fiscal year 1986 and more than $35 million less than the fiscal year 1985 funding level. The justification and allocation of the Committee's recommended funding for the FWS programs for fiscal year 1987 is provided below.

Resource Management

The Resource Management category comprises the largest segment of the Fish and Wildlife Service budget. The fiscal year 1987 request for this category is $285.1 million, a decrease of $14.3 million from the amount appropriated for fiscal year 1986. The Committee recommendation is to provide $297.3 million for Resource Management and to divide the $12.2 million increase among the following programs:

Habitat Resources -- It is recommended that funding of Habitat Resources programs be increased by $850,000 above the President's request of $49.07 million. Of this increase, $250,000 should be allocated for the new activities that will be required of the FWS' Ecological Services program with enactment of the conservation provisions of the Food Security Act of 1985 (P.L. 99-198). Funding for the Cooperative Research Unit program should be restored to the fiscal year 1986 level by adding $600,000 to the President's request. This program already has been cut by approximately 25 percent through combination of the Fisheries and Wildlife Units and should not be subject to further reductions. In fiscal year 1987, FWS will require $5.2 million to meet the commitments it made to at least 13 cooperating states (including South Dakota, Maine and Colorado) on providing personnel at newly combined Units.

Wildlife Resources -- An increase of $3.45 million above the President's budget is recommended for the programs within Wildlife

Resources. Of this increase, $300,000 should be allocated to continue the Service's arctic goose education program. Additional funding of $1.0 million is recommended to support FWS efforts to develop Comprehensive Conservation Plans for Alaskan refuges, as required by the Alaska National Lands Act of 1980. To fulfill our responsibilities under the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere, an increase of $150,000 is recommended. An increase of $1.5 million is recommended to take the corrective actions and conduct the monitoring and analysis of impacts identified in the recent FWS report on "Contaminant Issues of Concern on National Wildlife Refuges". Finally, an additional $500,000 is recommended for Wildlife Resources Research and Development to fund research on nongame migratory birds.

Endangered Species -- The President's budget request for the FWS' endangered species program is $5.8 million below the adjusted 1986 appropriation. The Committee recommendation is to provide $24.635 million for FWS' endangered species effort and $6 million for the section 6 cooperative program with the states. That recommendation is $7.475 million above the President's proposal for fiscal year 1987 and a $1.644 million increase to the adjusted fiscal year 1986 spending level. The Committee has approved legislation (S. 725) to continue the Federal commitment to the conservation of endangered and threatened species by increasing the authorization levels for appropriations to implement the Endangered Species Act. The fiscal year 1987 authorization level approved by the Committee is $31 million for FWS and $10 million for the section 6 program.

The recommended increase for FWS will provide an additional $500,000 each for listing and consultation, $275,000 for recovery efforts on behalf of the Aleutian Canada goose, Guam birds, and red wolf, and $200,000 for research on captive breeding of black-footed ferrets and whooping cranes.

The President's proposed budget seeks no funding for the section 6 cooperative program with the states, a $4.2 million reduction from the adjusted appropriation for fiscal year 1986. It is recommended that this funding be restored and that an additional $1.8 million be appropriated to provide a total of $6 million ($4 million less than the amount authorized by the Committee for fiscal year 1987) to assist the states in implementing recovery programs.

Fishery Resources -- The President's budget request is approximately $350,000 below the adjusted appropriation for fiscal year 1986. The Committee recommendation is to provide $360,000 above the level in the President's proposal, which would continue funding for the Fishery Resources program at the level appropriated for fiscal year 1986 after the cancellations mandated by P.L. 99-177.

It is recommended that the funds for operation of the aquaria and visitor facilities at the Dexter NFH, New Mexico ($14,000) and Gavins Point NFH, South Dakota ($46,000) be restored. An increase of $300,000 also is recommended for Refuge Fishery Management. Currently, only about $150,000 is available to develop fishery management plans for the more than 400

National Wildlife Refuges in the lower 48 states. This funding will go to only nine refuges in fiscal year 1987. At least 200 refuges should be open to fishing, and of these, 140 refuges are in need of fishery management plans.

General Administration -- A decrease in the General Administration account is recommended to reflect the loss of the Animal Damage Control program. This program was transferred to the Department of Agriculture in the Continuing Resolution for 1986, and had constituted approximately seven percent of the Service's budget.

Construction and Anadromous Fish

The President's fiscal year 1987 budget proposal for Construction, which is $17.1 million below the amount appropriated for fiscal year 1986 after adjustment by P.L. 99-177, is accepted.

The Committee will consider legislation (S. 1813) this year to extend the Emergency Striped Bass Study under Section 7 of the Anadromous Fish Conservation Act. If this study is continued, an additional $500,000 will need to be appropriated for fiscal year 1987.

## Land Acquisition

Because the Committee has jurisdiction over legislation authorizing establishment of National Wildlife Refuges and acquisition of endangered species habitats, the following views are offered on appropriations for land acquisition by the FWS. The President's fiscal year 1987 budget request proposes no funding for acquisition of National Wildlife Refuge lands and is $37.2 million below the adjusted fiscal year 1986 spending level. It is recommended that acquisition to complete refuges and protect endangered and threatened species be continued at approximately the current services spending level.

## Migratory Bird Conservation Account -- Advance

Approximately $10.6 million remains available for advance to the Migratory Bird Conservation (Duck Stamp) Fund for wetlands acquisition under the Wetlands Loan Act. The President's budget does not propose to advance any of these funds for fiscal year 1987. After adjustment by P.L. 99-177, $14.3 million has been advanced from Wetlands Loan Act Fund for wetlands acquisition in fiscal year 1986. It is recommended that all of the remaining Wetlands Loan Act funds ($10.6 million) be advanced through appropriation. In 1976, FWS determined that 1.95 million acres needed to be acquired to maintain waterfowl populations at the levels that existed in the late 1950's. However, in the last nine years only 435,000 acres have actually been purchased. The current rate of wetlands destruction and land price increase requires that we not diminish our wetland acquisition efforts.

The Committee will consider legislation this year, the Emergency Wetlands Resources Act (S. 740), which will increase the price of the Migratory Bird Conservation Stamp, extend and forgive repayment of advances under the Wetlands Loan Act, and provide other funding sources to increase the Migratory Bird Conservation Fund by approximately $15 million annually.

National Wildlife Refuge Fund

Payments to counties containing FWS lands will total $10.2 million in the President's budget proposal for fiscal year 1987. Of this amount, $5.6 million is requested in appropriations and $4.6 million is available for obligation in net receipts from sale of timber, oil, gas, minerals, fur and grazing privileges. The President's appropriation request is $275,000 above the adjusted fiscal year 1986 spending level.

The $10.2 million requested, however, will provide only 58 percent of the amount that the FWS is required to provide to the counties under the Refuge Revenue Sharing Act. Failure to provide full payment to counties has impeded FWS efforts to protect important migratory bird habitat in the prairie pothole region in the north central U.S. Therefore, it is recommended that an additional $1.0 million be provided for payments to counties in fiscal year 1987. This increase in FWS' appropriated payments to counties will provide 64 percent of the full payment due to counties.

Permanent Accounts

The President's budget request for fiscal year 1987 estimates that approximately $286 million will be available from permanent accounts, $16 million more than for fiscal year 1986. The request, however, proposes more than a 50 percent reduction in the number of FTE's allocated to the Federal Aid in Wildlife (Pittman-Robertson) and Sport Fish Restoration (Dingell-Johnson) programs. The FWS is required by the statutes establishing these programs to provide review and approval for each project proposal submitted by a state unless the state has an approved long-range resource conservation plan. Only five states have such plans. Therefore, it is recommended that the FWS continue to allocate the present number of FTE's to the Federal aid programs to provide the required Federal overview of projects submitted by states without approved conservation plans.

It also is recommended that the FWS continue to use administrative funds available under the Federal aid programs to publish the National Survey of Hunting and Fishing. The funds saved by elimination of this project ($5.8 million), as proposed in the President's fiscal year 1987 budget, would still be expended by allocation to the states. The states would rather have the project continued than have the additional allocation. Consequently, the proposal results in no savings and controverts the wishes of the states meant to be served by the Federal aid programs.

## Tennessee Valley Authority

The Committee is recommending a $104 million level for FY 1987 for appropriated programs of the Tennessee Valley Authority. This amount represents continuation of services at the fiscal year 1986 level, assuming reductions required by P.L. 99-177 for FY 1986.

The natural resources research and development programs of TVA, which are funded out of appropriations, produce results that have application nationwide. Examples of these programs are work in reservoir release improvement, wildlife and forest resources, groundwater protection, non-point source water pollution control, and acid rain research and control technology. Also, the Land Between the Lakes, a 170,000 acre facility in Tennessee and Kentucky, is a unique national laboratory for integrated resource management and environmental education. Funding adequate to maintain these programs at FY 1986 levels is strongly recommended.

In addition, TVA's fertilizer research and agricultural resources work deserve continued support as their benefits extend beyond the TVA region to the rest of the nation.

## Council on Environmental Quality

The Committee recommends that the Council on Environmental Quality be funded at $820,000 in fiscal year 1987, the level included in the President's budget. This represents a 22% increase above the fiscal year 1986 level after reductions pursuant to P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

The additional resources will enable the Council to bolster technical and scientific expertise. The budget proposal includes plans to hire two environmental specialists with scientific training and a specialist to assist in technical assessment of environmental impact statements. These hirings will bring the Council to its authorized level of 13 full time staff.

The Council is charged with a number of unique and important functions. The Committee fully endorses the request for additional resources to adequately carry out its mandate.

## Disaster Relief

Expenditures for disaster relief are difficult to estmiate in advance because disasters cannot be predicted either in number or severity. Both the Office of Management and Budget and the Congressional Budget Office (CBO) rely upon historical averages to estimate future budget demands. Disaster relief expenditures are a volatile portion of the Budget. In an "average" year, new obligations of about $300 million are made by the Federal Emergency Management Agency (FEMA) for disaster relief.

The CBO estimates that $121 million in new appropriations will be required to sustain current services in fiscal year 1987. This figure assumes a balance or carryover of unused resources in the President's Disaster Relief Fund at the end of 1986 of about $114 million. In addition, it is estimated that "recoveries" (such as repayment of loans) will add $77 million to the Fund.

The President's 1987 Budget requests $100 million be appropriated for 1987, and the Administration proposes several important policy and statutory changes to commence in 1987. Proposed administrative and regulatory changes could save up to $90 million a year. These changes include revisions to the criteria for determining a state's capability to respond to disasters without federal assistance, resulting in fewer disaster declarations and savings approximating $16 million a year.

Under the Administration's proposed reforms, cost sharing for public assistance will be revised to require state and local governmental jurisdictions to share the cost of repair or replacement of public facilities on a sliding scale (based on the degree of disaster damage). The overall effect would be to create an average cost-sharing ratio of about 50% Federal -- 50% State and local for public assistance activities. In comparison, current policy requires a 75% Federal -- 25% State and local cost share. Since public assistance expenditures constitute the majority of disaster relief costs, this new rulemaking could reduce annual obligations by up to $65 million. Finally, the Administration plans to submit legislative initiatives to the Congress that , if enacted, would save an estimated $7.5 million per year. New cost-sharing requirements for individual assistance (for temporary housing, unemployment compensation, and crisis counseling) are among suggested amendments to the law.

The reliability of the Budget estimate for 1987 is contingent upon (1) receipt of a $250 million supplemental appropriation in 1986, (2) success in implementing the proposed rulemaking, and (3) correctness of the assumption that the remainder and of 1986 and 1987 will be roughly average in terms of the number and severity of disasters. In this regard, it is noteworthy that the recent flooding in northern California, Oregon and Nevada (budgetary consequences are not yet known) could affect the integrity of the estimates if the flood damage turns out to be widespread and severe.

## National Council on Public Works Improvement

The Council was established by law in 1984, and the members were appointed in 1985. Because of the importance of the Council's mission in analyzing the nation's infrastructure needs and recommend options for meeting those needs in more cost effective mnner, the Committee recommends that $3.5 million be appropriated to the Council in Fiscal Year 1987. This will assure adequate funding to enable the Council to complete its study by 1988.

## Committee on Environment and Public Works

## Narrative Statement on Recommended Spending Levels

### Recommended Decreases

Construction Grants. The Committee has reported and the Senate has adopted legislation, S. 1128, that provides an authorization for the wastewater treatment construction grants program of $2.4 billion through 1991. Beginning in 1989 under the Senate bill, some portion of these funds are placed in state revolving funds for wastewater treatment programs. The revolving fund provides a transition to a complete termination of the federal role in municipal wastewater treatment.

The authorizations included in S. 1128 are substantially below the current services level for this program in the CBO baseline which begins at $2.505 billion in 1987 and rises to $3.089 billion in budget authority in 1991.

Water Resources. The Senate is expected to consider S. 1567 at an early date. This bill, the Water Resources Development Act of 1985, includes significant policy reforms which will allow the nation to proceed with construction of important water projects, while at the same time reducing the federal cost of these projects from levels that would have been experienced under past policies.

The CBO current services baseline for water resources is $2.983 billion for 1987, whereas the legislation reported by the Committee would fund the same accounts at a federal cost of only $2.856 billion. Budget authority continues at levels below the CBO baseline through the 1991 fiscal year.

Federal-Aid Highways. The Committee is preparing to report a new highway bill in the first few weeks of the Second Session of the 99th Congress. This bill will be substantially below the current services baseline for budget authority in the highway program. At the present time, the Committee is projecting that actual obligations from the Highway Trust Fund will be approximately $13.2 billion per year through 1991.

Disaster Relief. In accordance with the President's request for fiscal year 1987, the Committee recommends new budget authority of $100 million for the Disaster Relief program. This is substantially less than the appropriations necessary in previous years and less than the current services baseline projected by CBO for 1987.

## Recommended Increases

Superfund. The Committee is recommending substantial increases in the budget authority available to the Superfund both as compared to current law and as compared to the current services baseline projected by the Congressional Budget Office. It is important to note, however, that these increases will have no impact on the budget deficit, as Superfund is financed from a dedicated tax.

The Senate has passed legislation that would provide $7.5 billion for Superfund over a five-year period. Therefore, the Committee is projecting new budget authority of, at least, $1.5 billion per year in the years 1987 to 1991. Legislation passed by the House includes a somewhat higher level of authorizations over the same period.

## Committee on Environment and Public Works

## Narrative Statement on Recommended Credit Levels

The Committee is recommending no changes from the current services baseline projected by the Congressional Budget Office for credit programs that are within the Committee's jurisdiction.

BOB PACKWOOD, OREGON, CHAIRMAN

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United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510

February 20, 1986

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter responds to your letter of February 13, 1986, and transmits the view of the Committee on Finance on how much deficit reduction can be achieved in fiscal years 1987, 1988, and 1989 in programs within the Committee's jurisdiction. This communication constitutes the report required under section 301(d) of the Congressional Budget Act.

For fiscal years 1987, 1988, and 1989, according to the President's Budget for FY 1987, the Finance Committee would need to achieve a deficit reduction amounting to $52.0 billion (based on estimates made by the Administration).

The Finance Committee will meet its responsibility for achieving a deficit reduction of $52.0 billion over the three fiscal years in question IF ALL OTHER MAJOR COMMITTEES MEET THE SPENDING CUT TOTALS REQUIRED OF THEM and IF THE CURRENT ADMINISTRATION ESTIMATES HOLD.

The Committee wishes to express its concern over the valuation of the President's proposals. While we have indicated our intent to reduce the deficit by $52.0 billion you should know that the Committee feels its only responsibility is to reduce the deficit in an amount equivalent to that which would be achieved by the President's proposals. If the President's proposals are re-estimated, whether by the Congressional Budget Office or the Budget Committee, the Committee's responsibility to reduce the deficit only extends to the deficit reduction expected to be achieved by the entirety of the President's proposals after the re-estimation.

To the extent that CBO changes baseline projections or re-estimates proposals for any programs within the Finance Committee's jurisdiction and to the extent the Budget Committee decides to adopt a different set of economic assumptions, an appropriate adjustment must be made in our deficit reduction goal. You should know, however, that once our deficit reduction goal is established by the budget resolution, the Committee is disturbed about the way further re-estimates have the effect of creating a moving target for the Committee. We ask that action be taken to address this concern.

The Finance Committee has not agreed to any specific list of deficit reduction proposals and reserves the right to achieve deficit reduction for programs within its jurisdiction in such amounts and in any manner it determines is necessary and appropriate.

We hope that this information is helpful to the Budget Committee in its deliberations on the concurrent resolution on the budget for fiscal year 1987. The Finance Committee staff is available to answer any questions you may have.

Sincerely,

Bob

BOB PACKWOOD
Chairman

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GERYLD B. CHRISTIANSON, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510

February 24, 1986

The Honorable Pete Domenici
Chairman, Committee on the Budget
United States Senate
Washington, D.C.

Dear Mr. Chairman:

This letter is in response to the February 25th deadline pursuant to the Gramm-Rudman-Hollings deficit reduction legislation. The Committee on Foreign Relations, as the authorizing Committee with primary jurisdiction for most of the programs of the 150 Function of the budget, intends to take an active role in monitoring those programs and activities affected by the deficit reduction provisions.

The Congress passed a two year authorization bill for foreign assistance programs and activities last year (P.L. 99-83) for fiscal years 1986 and 1987. The Committee on Foreign Relations continues to believe that that legislation best reflects the priorities Congress should support in the execution of U.S. foreign assistance programs. Therefore, with some minor adjustments in certain aspects of the legislation, and with some possible modification of aid levels for certain countries, we intend to maintain the foreign assistance levels within the authorization ceilings set by the Congress last year.

With respect to supplemental requests, especially the substantial request that is pending for embassy security enhancements overseas, we would expect, offsetting dollar-for-dollar reductions in order to stay within the guidelines established under the Gramm-Rudman-Hollings legislation.

When the Committee receives detailed legislation from the Administration concerning its fiscal 1987 requests, we shall move forward and keep you fully informed of our progress. Although it will not be an easy task, we believe that the foreign affairs function of the budget must conform to the rubric that has been set out by the Congress in last year's deficit reduction legislation. Please be assured of our intention to cooperate with you and your colleagues fully in implementing these reductions.

Sincerely,

Richard G. Lugar
Richard Lugar
Chairman

Claiborne Pell
Ranking Member

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FRANKLIN G. POLK, CHIEF COUNSEL AND STAFF DIRECTOR
MARGARET P. CRENSHAW, MINORITY STAFF DIRECTOR

**United States Senate**
COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510

February 25, 1986

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D. C. 20510

The Honorable Lawton Chiles
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Pete and Lawton:

In accordance with section 301 of the Congressional Budget Act of 1974, as amended, we are submitting the views and estimates of the Committee on Governmental Affairs with respect to funding of programs in our jurisdiction.

As Chairman and Ranking Minority Member of the Committee, we are deeply concerned about the size of the federal deficit. Of equal distress to us is the possibility that Congress may become deadlocked over the budget, triggering the mandatory, across the board cuts required by the Gramm-Rudman-Hollings statute. Such action would remove from this Committee's control our ability to set priorities for programs that are part of Congress' fiscal responsibility.

We stand ready to contribute to efforts to reduce expenditures. We have reviewed the spending jurisdiction of the Committee and we are analyzing the requests made by the President. We are presently consulting with our Subcommittees on what recommendations are most suitable to our membership. While we are aware that not every proposal of the President's will be acceptable, we are hopeful that the Governmental Affairs Committee can achieve its share of the deficit reduction.

As you are aware, the Committee is currently in conference with the House on the supplemental retirement legislation for civilian employees hired after January 1984. At this time, the precise savings from any possible agreement can not be determined. However, the Committee expects to achieve significant short term savings, as well as a permanent reduction in entitlement pension costs. Our hope is to have this legislation completed by April 30.

Budget reductions of the nature required by a bonafide deficit reduction plan mean continued uncertainty and hardship to federal retirees and employees. In the last fiscal year, civilian employees had their pay frozen, and retirees had the cost of living adjustment scheduled for January sequestered while the uniform service received a pay increase and social security recipients received a cost-of-living increase. We believe that any actions taken this year should be seen in the light of the significant contribution already made toward deficit reduction by the federal civilian workforce and that to the greatest extent possible, civilian and military employees should be treated equally.

Sincerely,

Bill

William V. Roth, Jr.
Chairman

Tom

Thomas F. Eagleton
Ranking Minority Member

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MARK H. GITENSTEIN, MINORITY CHIEF COUNSEL

**United States Senate**
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510

February 25, 1986

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
Washington, D.C. 20510

The Honorable Lawton Chiles
Ranking Minority Member
Committee on the Budget
Washington, D.C. 20510

Dear Pete and Lawton:

In response to your letter of February 13, 1986, and pursuant to Section 301 (c) of the Congressional Budget Act, enclosed is the February 25 report outlining the levels of spending for programs under the jurisdiction of the Senate Committee on the Judiciary. We hope it will be helpful to you in connection with the First Concurrent Budget Resolution.

Sincerely,

Joe Biden
Joseph R. Biden, Jr.
Ranking Minority Member

Strom Thurmond
Strom Thurmond
Chairman

## COMMITTEE ON THE JUDICIARY

## NARRATIVE STATEMENT ON SPENDING REQUIREMENTS

### Overview

Rule XXV of the Standing Rules of the Senate grants to the Committee on the Judiciary jurisdiction over, among other things, the Federal courts and judges; immigration and naturalization matters; juvenile justice, civil and criminal judicial proceedings; national penitentiaries; patents, copyrights, trademarks; and the protection of trade and commerce against unlawful restraints. As a result, the Committee exercises oversight responsibility over the judiciary and a wide variety of Executive Branch agencies, including the Department of Justice, the Patent and Trademark Office, the Bureau of Alcohol, Tobacco and Firearms, and the Secret Service.

In recent Fiscal Years, one of the major areas emphasized by the Committee, both in its legislative and oversight capacities, has been crime and the need to strengthen law enforcement functions. To this end, the Committee has focused on the problems of violent and organized crime and the closely related problem of narcotics trafficking. In this connection, the Committee has closely scrutinized, and subsequently supported, with some enhancements, the dual efforts of the Administration to cut unnecessary Federal government spending, while strengthening vital Federal law enforcement activities. Further, the Committee, as one of its major oversight initiatives, plans to hold a series of hearings this Session on the issue of white collar crime. In this regard, the Committee generally supports the increases requested by the Administration to ensure that the universally accepted role of Federal law enforcement - to provide for the domestic security of our Nation - is financed. Consequently, certain core functions of the Department of Justice must be maintained, or even enhanced. Other than those already mentioned, these include enforcing Federal criminal laws, protecting the security of the Nation and of its citizens, prosecuting those who violate the Federal rights of others and representing the Federal government and its agencies in litigation.

The main increases proposed in the Department of Justice's Fiscal Year 1987 budget would be used: to construct additional facilities to ease the overcrowding in the Federal Prison System; to continue the efforts of the Drug Enforcement Administration and the Federal Bureau of Investigation; to update and modernize information management capabilities; and, to defend claims against the Federal government. Decreases are recommended in administration costs, several criminal justice system grants, and travel, meal and lodging costs incurred by State and local officials training at Department of Justice facilities. Other decreases are recommended in programs where the workload has declined or an alternative source of funding is available. Further, the Administration proposes to terminate five programs that were funded in 1986. These are: The President's Commission on Organized Crime, the Juvenile Justice grant program, the Drug Enforcement Administration's State drug division grant program, the Regional Information Sharing System grant program, and the State Justice Institute.

In the judgment of the Senate Committee on the Judiciary, the Federal law enforcement arsenal in the war against violent and organized crime, drug trafficking, espionage, and terrorism must contain both financial and statutory weapons. To that end, the recommendations of the Committee for Fiscal Year 1987 do not contain substantial decreases from levels proposed by the Administration, and support increases requested by the Administration to ensure effective efforts of Federal law enforcement. The Administration has proposed a budget for all functions of the Department of Justice of $4.183 billion. While this reflects an increase from Fiscal Year 1986, of $.5 billion, the overall budget submitted by the President conforms to the Gramm-Rudman-Hollings deficit control figure of $144 billion. The Committee supports the overall thrust of the submission and will continue to study carefully the specific proposals through its oversight capacity.

The Committee has acted and will continue to exercise careful oversight in several other areas involving potential expenditures. Pursuant to Public Law 98-353, enacted on March 22, 1984, bankruptcy judgeships must now be authorized specifically by Congress. The Committee expects to act on a proposal submitted by the Administrative Office of the United States Courts to increase the number of bankruptcy judgeships during this Session. The Administrative Office has also submitted proposals to increase the benefits of the Judicial Survivors' Annuities System, and to revise the Criminal Justice Act (P.L. 98-473). The U.S. Trustee program is scheduled to expire on September 30, 1986. The Department of Justice has submitted a proposal to expand and make permanent this program. The Committee will be looking closely at these proposals. Finally, the Committee is optimistic that immigration reform will be enacted in this Congress.

It should also be noted that P.L. 99-194, the Arts, Humanities and Museums Amendments of 1985, authorized $5 million for the Bicentennial of the Constitution Commission for each of the Fiscal Years 1987-1991. The Administration Budget provides for only $1.5 million for Fiscal Year 1987. The Committee may request that the additional funding be appropriated, consistent with the original authorization.

## Recommended Changes

Note: Unless otherwise noted, as in previous reports, in addition to Fiscal Year 1987 program changes, changes from the CBO baseline may reflect certain decreases and uncontrollable increases estimated by the Administration which may not have been fully accounted for in the CBO's assumptions. Programs listed are those involving significant programmatic changes only.

Program A (Commerce Department - Patent and Trademark Office). The Administration's request for the Patent and Trademark Office for Fiscal Year 1987 is $19 million more than last year. This increase is for automation initiatives in the patent process, trademark process and information dissemination functions.

Program B (Justice Department - General Administration). The Administration's request includes $895,000 for the annualization of additional positions for the Executive Office of Immigration Review. Also included are program increases of $4.494 million for the Case Management System and for the Financial and Administration Management Information System.

Program C (Justice Department - General Legal Activities). The Administration's request is an increase from 1986 of $379 million and reflects the transfer of the U.S. Attorneys into the General Legal Activities appropriation. Further, an additional 85 positions are being created to handle the necessary defensive caseload in both the civil and criminal divisions of the Department of Justice. Increases are also included for the U.S. Attorneys for annualization of increases approved in 1986 for new judgeships, the Comprehensive Crime Control Act, U.S. Attorney relocations and the Administration's drug initiative.

Program D (Justice Department - Antitrust Division). This request reflects a transfer of 68 positions from the Interstate Commerce Commission to the Antitrust Division.

Program E (Justice Department - U.S. Marshals). The Administration's request of $176.7 million, an increase of $26.7 million from 1986, reflects a transfer of the Protection of Witnesses program and for annualization of child visitation security workload. Also included are funds to provide operational resources in several programs for Organized Crime Drug Enforcement Task Force activity. Reflected in the request is a decrease of management expenses previously appropriated to the U.S. Marshals Service but now paid from the Assets Forfeiture Fund. In a letter to Senator Thurmond, Senator Denton noted legislation has been introduced which would elevate the U.S. Marshals Service to a bureau. If enacted, this bill would increase funding for this program.

Program F (Justice Department - Assets Forfeiture Fund). The Administration figure limits appropriation to $10 million. The limit may preclude law enforcement agencies from pursuing forfeiture of assets as actively as originally intended by Congress. The Committee will look into this matter in the oversight process.

Program G (Justice Department - Organized Crime Drug Enforcement). The Administration's request reflects a decrease occasioned by the expiration of the President's Commission on Organized Crime, which was intended to have a limited life.

Program H (Justice Department - Federal Bureau of Investigation). The Administration's request of $1.2 billion, $69 million more than in 1986, reflects an increase in positions for FBI field investigative program activities as well as general staffing. Further staffing increases are requested for telecommunications, computer centers and for FBI initiatives in Artificial Intelligence and voice privacy radio. Decreases are realized in implementing user fees for State and local law enforcement personnel for training at the FBI Academy.

Program I (Justice Department - Drug Enforcement Administration). The Administration's request of $411 million would create 156 additional positions to continue the war on drugs and to expand domestic investigations with special emphasis on clandestine drug laboratories.

Program J (Justice Department - Immigration and Naturalization Service). The Administration's request reflects a program increase for the Systematic Alien Verification for Entitlements System (SAVE). It did not provide for an increase in INS enforcement resources. The large margin by which the Immigration Reform Bill passed the Senate reflects a consensus that additional resources must be devoted to INS enforcement efforts. This could be taken care of if the Reform measure passes in the House this Session.

In a letter to Chairman Thurmond, Senator Simpson noted other concerns:

> "The Subcommittee strongly recommends that the 'Increased-inspector' initiative of FY 1986 be carried through to completion in FY 1987. During the Subcommittee's INS oversight hearings in 1985, it was established that more immigration inspectors were necessary, and that $5 million in new INS user fee revenues were soon to be collected. The Subcommittee recommended that these additional funds be directed to either: 1) more inspector positions, or 2) more inspector and investigator positions, in a two-to-one ratio. Approximately 150 additional positions were possible if the $5 million in new revenues were applied in this manner. Final Congressional appropriations for FY 1986 granted 50 additional immigration inspector positions. The reduction was due to insistence on the part of House conferees that the number of additional inspectors be reduced. The Subcommittee therefore recommends that the remaining 100 inspector positions be added to the FY 1987 budget for the INS. The cost would be only between $3.5 and $5 million.

> "In addition, it has come to the attention of the Subcommittee that INS is severely lacking in detention space and is often forced to release without deportation many of the undocumented aliens that it apprehends. An additional $5 million for rented or contracted detention space would do much toward improving the enforcement capabilities of this agency. I would strongly urge the Committee to request such an addition be made in the INS FY 1987 budget."

Program K (Justice Department - Federal Prison System). The Administration's request of $767 million, an increase of $143 million over 1986, would fund prison expansion, modernization and repair projects. These would include 3 new medium security Federal Correctional Institutions and 2 new minimum security facilities.

Program L (Justice Department - Office of Justice Program). The Administration proposes to eliminate all $67.6 million in programmatic funding for the Office of Juvenile Justice and Delinquency Prevention from the FY 1986 level, as well as $60.797 million in unspent funds previously appropriated for FY 1986. The Administration also proposes to eliminate Justice Assistance Funding of $50.7 million from the FY 1986 level as well as $48.520 million from funds previously appropriated to the Bureau of Justice Assistance. In letters to Senator Thurmond, several members of the Senate Committee on the Judiciary urged that the Committee reject these proposals and restore the full funding. This position has the support of the majority of the Juvenile Justice Subcommittee. Several Senators also objected to the budget requests to reduce the Victims of Crime Fund by 65% and to eliminate $8 million for the Regional Information Sharing System grants, which has received strong support from the Committee in the past. A program increase of $3 million is included to implement the first phase of the redesign of the Uniform Crime Reports. Based on past action, the Committee will want to look closely at each of the Administration's recommendations.

Program M (Treasury Department - Bureau of Alcohol, Tobacco and Firearms). The Administration request reflects an increase of $1.7 million for compliance operations and $2.6 million for law enforcement activities.

Program N (Treasury Department - Secret Service). The 1987 Administration request reflects a decrease of $6.5 million in certain security programs. Increases of $12.6 million are recommended for investigations, protection and uniformed activities.

It should be noted that the Senate Committee on the Judiciary Report on Spending Requirements accompanying this narration includes numbers for Fiscal Year 1987 only. Estimates for Fiscal Years 1988-1991 were not available from the agencies over which the Committee has jurisdiction by the time this Report was due.

COMMITTEE ON THE JUDICIARY
REPORT ON SPENDING REQUIREMENTS
($ Millions in Budget Authority)

| | Fiscal Year 1987 |
|---|---|
| Baseline Level | 6,121 |
| Recommended Changes: | |
| Program A (Commerce Department - Patent and Trademark Office) | + 19 |
| Program B (Justice Department - General Administration) | + 5 |
| Program C (Justice Department - General Legal Activities) | + 6 |
| Program D (Justice Department - Antitrust Division) | + 6 |
| Program E (Justice Department - U.S. Marshals) | + 31 |
| Program F (Justice Department - Assets Forfeiture Fund) | - 20 |
| Program G (Justice Department - Organized Crime Drug Enforcement) | - 1 |
| Program H (Justice Department - Federal Bureau of Investigation) | + 89 |
| Program I (Justice Department - Drug Enforcement Administration) | + 40 |
| Program J (Justice Department - Immigration and Naturalization Service) | + 27 |

| | Fiscal Year 1987 |
|---|---|
| Program K (Justice Department - Federal Prison System | |
| Buildings and Facilities | +143 |
| Salaries and Expenses | + 57 |
| Program L (Justice Department - Office of Justice Programs) | -132 |
| Program M (Treasury Department - Bureau of Alcohol, Tobacco and Firearms) | + 9 |
| Program N (Treasury Department - United States Secret Service) | + 21 |
| TOTAL | 6,421 |

ORRIN G. HATCH, UTAH, CHAIRMAN

ROBERT T. STAFFORD, VERMONT
DAN QUAYLE, INDIANA
DON NICKLES, OKLAHOMA
PAULA HAWKINS, FLORIDA
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MALCOLM WALLOP, WYOMING
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JOHN F. KERRY, MASSACHUSETTS

RONALD F. DOCKSAI, STAFF DIRECTOR
KATHRYN O'L. HIGGINS, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510

February 25, 1986

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Domenici:

In compliance with section 301(d) of the Congressional Budget Act of 1974, as amended, and in response to your written request of February 13, 1986, for future spending requirements for programs under the Labor & Human Resources Committee's jurisdiction, this letter is submitted in lieu of a Report of the Views and Estimates of this Committee.

The record of the last few years has demonstrated the willingness of the Labor and Human Resources Committee to work with the rest of the Senate to achieve budgetary savings. Between 1980 and 1986, for example, this Committee has helped to achieve taxpayer savings of 25 percent in constant dollars on programs under its jurisdiction. Most recently, the Committee contributed to the Omnibus Reconciliation Act of 1984, (H.R. 3128), and, no doubt, the members of the Committee will be willing to cooperate with you and the Budget Committee this year to achieve similar goals.

In view of the pro-rata reductions due this fall under the Gramm-Rudman-Hollings sequestration process, given current estimates of the FY87 deficit, it is in the interest of all members of the Labor Committee and the Senate to work for a careful ordering of priorities and then for a reduction in spending on programs of lower priority. I believe that we can regain the respect of those who argue that Gramm-Rudman-Hollings is the only method of eliminating the deficit.

Should you need further information or assistance, I will be pleased to provide it.

Sincerely,

Orrin Hatch

Orrin G. Hatch
Chairman

OGH:bm

ORRIN G. HATCH, UTAH, CHAIRMAN

ROBERT T. STAFFORD, VERMONT
DAN QUAYLE, INDIANA
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RONALD F. DOCKSAI, STAFF DIRECTOR
KATHRYN O'L. HIGGINS, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510

February 20, 1986

Senator Pete V. Domenici, Chairman
Senate Budget Committee
SD 621 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

We wish to advise you of our recommendations for the 1987 Budget levels for the programs under the jurisdiction of the Subcommittee on the Handicapped.

The attached chart outlines our proposals which include current services funding for all programs under the Subcommittee's jurisdiction and increases for two programs. The increases are proposed to address the serious unemployment problem for handicapped adults and to expand early intervention services for handicapped children age 0-5.

We know that programs authorized by the Subcommittee are critical to our nation's handicapped citizens and represent a cost-effective investment which results in long term savings because of increased independence and productivity of the handicapped persons they serve.

We urge your Committee to carefully consider our recommendations and to include them in the 1987 Budget Resolution.

Sincerely,

John Kerry
Ranking Minority Member
Subcommittee on the Handicapped

Lowell Weicker, Jr.
Chairman
Subcommittee on the Handicapped

Attachment

FEBRUARY 20, 1986

## SUBCOMMITTEE ON THE HANDICAPPED BUDGET RECOMMENDATIONS

| | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|
| REHABILITATION | $1,457.48 | $1,562.57 | $1,657.57 | $1,797.08 | $1,927.63 |
| SPECIAL EDUCATION | 1,741.08 | 1,843.11 | 1,953.88 | 2,074.44 | 2,204.30 |
| DEVELOPMENTAL DISABILITIES | 85.02 | 89.99 | 95.40 | 101.29 | 107.63 |
| GALLAUDET | 65.30 | 69.00 | 73.10 | 77.40 | 82.00 |
| NATIONAL TECHNICAL INSTITUTE FOR THE DEAF | 33.70 | 35.70 | 37.80 | 40.00 | 42.40 |
| AMERICAN PRINTING HOUSE | 5.83 | 6.17 | 6.54 | 6.94 | 7.37 |
| HELEN KELLER | 4.55 | 4.82 | 5.11 | 5.43 | 5.77 |
| NATIONAL COUNCIL ON THE HANDICAPPED | 1.81 | 1.92 | 2.04 | 2.17 | 2.30 |
| PROTECTION AND ADVOCACY FOR MENTALLY ILL | 10.57 | 11.19 | 11.86 | 12.59 | 13.38 |
| JAVITS-WAGNER-O'DAY | .77 | .82 | .87 | .92 | .98 |

ORRIN G. HATCH, UTAH, CHAIRMAN

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DAN QUAYLE, INDIANA
DON NICKLES, OKLAHOMA
PAULA HAWKINS, FLORIDA
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LOWELL P. WEICKER, JR., CONNECTICUT
MALCOLM WALLOP, WYOMING
CHARLES E. GRASSLEY, IOWA

EDWARD M. KENNEDY, MASSACHUSETTS
CLAIBORNE PELL, RHODE ISLAND
HOWARD M. METZENBAUM, OHIO
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RONALD F. DOCKSAI, STAFF DIRECTOR
KATHRYN O'L. HIGGINS, MINORITY STAFF DIRECTOR

**United States Senate**
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510

February 25, 1986

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Pete:

It appears that the Labor and Human Resources Committee will be unable to meet and submit its recommendations to the Budget Committee consistent with the requirements of the Balanced Budget and Emergency Deficit Control Act. In view of this situation, we are hereby submitting to you our recommendations for the programs under the jurisdiction of the Subcommittee on Education, Arts, and Humanities.

For almost all programs, we are recommending that the Fiscal 1987 through Fiscal 1991 spending levels be the current services spending baseline as calculated by the Congressional Budget Office. These figures are enclosed. There is one exception, however, that should be noted. In the area of student financial assistance, we recommend the following:

1) a $215 million addition in Fiscal 1986 to allow for a supplemental appropriation in the Pell Grant program to cover a funding shortfall and permit funding of a $2100 maximum Pell Grant;

2) a $250 million addition in Fiscal 1987 to make up part of of $490 million deficit in the Pell Grant program, a deficit caused by borrowing from one year's appropriation to pay previous years' obligations;

3) and, a $240 million addition in Fiscal 1988 to make up the remainder of the deficit in the Pell Grant program.

We very much appreciate your consideration of our recommendations as your Committee begins its very difficult deliberations.

Sincerely,

Claiborne Pell

Claiborne Pell
Ranking Minority Member
Subcommittee on Education,
Arts, and Humanities

Robert T. Stafford
Chairman
Subcommittee on Education,
Arts, and Humanities

CBO/BUDGET ANALYSIS DIV (SIDAUTHR) SET(8):M03 02/12/86
(BACAUTH-S) BUDGET ACCOUNTS IN MILLIONS OF DOLLARS UNDER AUTHORIZING JURISDICTION OF THE 08:20:25

Senate Labor and Human Resources Committee

CBO CURRENT SERVICES SPENDING BASELINE

| *SOLE JURISDICTION* | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|---|
| Department of Education | | | | | | | |
| Office of Elementary and Secondary Education | | | | | | | |
| Impact aid | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0102 0 1 501 AA1 BASELINE | BA: | 663 | 701 | 742 | 786 | 835 | 887 |
| | OT: | 667 | 695 | 731 | 775 | 823 | 874 |
| Office of Special Education and Rehabilitative Services | | | | | | | |
| Education for the handicapped | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0300 0 1 501 AA1 BASELINE | BA: | 1,350 | 1,428 | 1,512 | 1,602 | 1,701 | 1,808 |
| | OT: | 1,322 | 1,347 | 1,414 | 1,496 | 1,586 | 1,683 |
| Office of Vocational and Adult Education | | | | | | | |
| Vocational and adult education | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0400 0 1 501 AA1 BASELINE | BA: | 900 | 953 | 1,008 | 1,068 | 1,134 | 1,205 |
| | OT: | 917 | 908 | 943 | 998 | 1,058 | 1,123 |
| Vocational and adult education | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| @ 91 0400 0 1 501 BA1 BASELINE | BA: | 7 | 7 | 7 | 7 | 7 | 7 |
| | OT: | 7 | 7 | 7 | 7 | 7 | 7 |
| ACCOUNT TOTAL FOR | | | | | | | |
| Vocational and adult education | | | | | | | |
| 91 0400 0 1 501 BASELINE | BA: | 907 | 960 | 1,015 | 1,076 | 1,141 | 1,212 |
| | OT: | 924 | 915 | 950 | 1,005 | 1,065 | 1,130 |
| Special Institutions | | | | | | | |
| American Printing House for the Blind | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0600 0 1 501 AA1 BASELINE | BA: | 5 | 6 | 6 | 6 | 7 | 7 |
| | OT: | 5 | 6 | 6 | 6 | 7 | 7 |
| Office of Elementary and Secondary Education | | | | | | | |
| Compensatory education for the disadvantaged | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0900 0 1 501 AA1 BASELINE | BA: | 3,537 | 3,740 | 3,959 | 4,197 | 4,456 | 4,726 |
| | OT: | 3,592 | 3,548 | 3,724 | 3,942 | 4,179 | 4,426 |

* LESS THAN ONE MILLION DOLLARS
@ SPENDING COMMITTEE = AUTHORIZING COMMITTEE

CBO/BUDGET ANALYSIS DIV (SIBAUTHR) SET(S):H03 02/13/86
(BACAUTH-S) BUDGET ACCOUNTS IN MILLIONS OF DOLLARS UNDER AUTHORIZING JURISDICTION OF THE 00:28:25

Senate Labor and Human Resources Committee

CBO CURRENT SERVICES SPENDING BASELINE

| *SOLE JURISDICTION* | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|---|
| Special programs | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 1000 0 1 501 AA1 BASELINE | BA: | 675 | 714 | 758 | 801 | 850 | 903 |
| | OT: | 703 | 696 | 707 | 748 | 794 | 842 |
| Office of Bilingual Education and Minority Languages Affairs | | | | | | | |
| Bilingual education | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 1300 0 1 501 AA1 BASELINE | BA: | 166 | 178 | 185 | 196 | 209 | 219 |
| | OT: | 169 | 168 | 173 | 184 | 195 | 206 |
| Special Institutions | | | | | | | |
| Promotion of education for the blind | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| $ 91 8093 0 7 501 DC1 BASELINE | BA: | * | * | * | * | * | * |
| | OT: | * | * | * | * | * | * |
| SUBFUNCTION 501 TOTAL BASELINE | BA: | 7,303 | 7,723 | 8,174 | 8,668 | 9,199 | 9,772 |
| | OT: | 7,382 | 7,394 | 7,706 | 8,157 | 8,647 | 9,178 |
| Office of Postsecondary Education | | | | | | | |
| Student financial assistance | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0200 0 1 502 AA1 BASELINE | BA: | [illegible] 4892 | [illegible] 5195 | [illegible] 5475 | 5,550 | 5,898 | 6,261 |
| | OT: | [illegible] 4504 | [illegible] 5150 | [illegible] 5237 | 5,287 | 5,686 | 5,983 |
| Higher education | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0201 0 1 502 AA1 BASELINE | BA: | 461 | 476 | 505 | 532 | 563 | 597 |
| | OT: | 447 | 472 | 495 | 504 | 533 | 564 |
| Guaranteed student loans | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0230 0 1 502 AA1 BASELINE | BA: | 3,266 | 3,394 | 3,448 | 3,300 | 3,110 | 2,879 |
| | OT: | 3,363 | 3,347 | 3,426 | 3,323 | 3,144 | 2,986 |
| Guaranteed student loans | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0230 0 1 502 DC1 BASELINE | BA: | 6 | 0 | 0 | 0 | 0 | 0 |
| | OT: | 0 | 6 | 0 | 0 | 0 | 0 |
| ACCOUNT TOTAL FOR | | | | | | | |
| Guaranteed student loans | | | | | | | |
| 91 0230 0 1 502 BASELINE | BA: | 3,272 | 3,394 | 3,448 | 3,300 | 3,110 | 2,879 |
| | OT: | 3,363 | 3,353 | 3,426 | 3,323 | 3,144 | 2,986 |

* LESS THAN ONE MILLION DOLLARS
$ SPENDING COMMITTEE = AUTHORIZING COMMITTEE

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CBO/BUDGET ANALYSIS DIV (SIDAUTHR)                                                                        SET(S):HBS        02/13/84
(BACAUTH-S)           BUDGET ACCOUNTS IN MILLIONS OF DOLLARS UNDER AUTHORIZING JURISDICTION OF THE                      00:28:25

                                     Senate Labor and Human Resources Committee

                                      CBO CURRENT SERVICES SPENDING BASELINE

        *SOLE JURISDICTION*                  1986          1987          1988          1989          1990          1991

   Higher education facilities loans and insurance
    SPENDING COMM: Labor, HHS Subcomm
   91 0240 0 1 502  AA1  BASELINE     BA:      18            19            15             9             8             7
                                      OT:       1            -1            10             9             8             7

  Special Institutions
   National Technical Institute for the Deaf
    SPENDING COMM: Labor, HHS Subcomm
   91 0601 0 1 502  AA1  BASELINE     BA:      31            32            34            36            39            41
                                      OT:      31            32            34            36            39            41

   Gallaudet College
    SPENDING COMM: Labor, HHS Subcomm
   91 0602 0 1 502  AA1  BASELINE     BA:      59            63            66            70            75            79
                                      OT:      59            63            66            70            74            79

  Office of Postsecondary Education
   Howard University
    SPENDING COMM: Labor, HHS Subcomm
   91 0603 0 1 502  AA1  BASELINE     BA:     157           166           176           187           198           210
                                      OT:     157           166           176           186           198           210

   Guarantees of SLMA obligations, FFB direct loans
    SPENDING COMM: Senate Labor and Human Resources Committee
 @ 91 7005 0 4 502  BD1  BASELINE     BA:       0             0             0             0             0             0
                                      OT:       0           -30           -30           -30           -30           -30


 Other Independent Agencies
  Harry S Truman Scholarship Foundation
   Harry S Truman memorial scholarship trust fund
    SPENDING COMM: Senate Labor and Human Resources Committee
 @ 95 8296 0 7 502  BC1  BASELINE     BA:       4             4             4             4             3             2
                                      OT:       2             3             3             3             3             3

    SUBFUNCTION 502 TOTAL BASELINE    BA:   8,669         9,101         9,479         9,688         9,888        10,077
                                      OT:   8,822         8,709         9,171         9,388         9,574         9,813

   National Foundation on the Arts and the Humanities
    National endowment for the arts: Grants and administration
     SPENDING COMM: Interior Subcommittee
    59 0100 0 1 503  AA1  BASELINE    BA:     159           165           171           178           185           193
                                      OT:     173           169           167           174           181           188


 * LESS THAN ONE MILLION DOLLARS
 @ SPENDING COMMITTEE = AUTHORIZING COMMITTEE                                                                      PAGE:  203
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CBO/BUDGET ANALYSIS DIV (SIBAUTHR)
(BACAUTH-5) BUDGET ACCOUNTS IN MILLIONS OF DOLLARS UNDER AUTHORIZING JURISDICTION OF THE SET(S):H03 02/13/86
00:28:25

Senate Labor and Human Resources Committee

CBO CURRENT SERVICES SPENDING BASELINE

| *SOLE JURISDICTION* | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|---|
| Arts and artifacts indemnity fund | | | | | | | |
| SPENDING COMM: Interior Subcommittee | | | | | | | |
| 59 0101 0 1 503 AA1 BASELINE | BA: | * | * | * | * | * | * |
| | OT: | 0 | 0 | 0 | 0 | 0 | 0 |
| National Foundation on the Arts and the Humanities | | | | | | | |
| National endowment for the humanities: Grants and administration | | | | | | | |
| SPENDING COMM: Interior Subcommittee | | | | | | | |
| 59 0200 0 1 503 AA1 BASELINE | BA: | 135 | 140 | 145 | 151 | 157 | 163 |
| | OT: | 148 | 139 | 143 | 148 | 154 | 160 |
| National Foundation on the Arts and the Humanities | | | | | | | |
| Institute of Museum Services | | | | | | | |
| SPENDING COMM: Interior Subcommittee | | | | | | | |
| 59 0300 0 1 503 AA1 BASELINE | BA: | 20 | 21 | 22 | 23 | 24 | 25 |
| | OT: | 26 | 21 | 22 | 22 | 23 | 24 |
| National Foundation on the Arts and the Humanities | | | | | | | |
| Gifts and donations (arts) | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| # 59 8040 0 7 503 BC1 BASELINE | BA: | * | * | * | * | * | * |
| | OT: | * | * | * | * | * | * |
| National Foundation on the Arts and the Humanities | | | | | | | |
| Gifts and donations (humanities) | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| # 59 8050 0 7 503 BC1 BASELINE | BA: | * | * | * | * | * | * |
| | OT: | 1 | * | * | * | * | * |
| Department of Education | | | | | | | |
| Office of Educational Research and Improvement | | | | | | | |
| Libraries | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0104 0 1 503 AA1 BASELINE | BA: | 122 | 128 | 135 | 143 | 150 | 156 |
| | OT: | 133 | 129 | 129 | 136 | 143 | 150 |
| Departmental Management | | | | | | | |
| Salaries and expenses (Research and general education aids) | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0800 0 1 503 AA1 BASELINE | BA: | 216 | 222 | 228 | 236 | 243 | 251 |
| | OT: | 221 | 221 | 228 | 236 | 243 | 251 |

* LESS THAN ONE MILLION DOLLARS
# SPENDING COMMITTEE = AUTHORIZING COMMITTEE

CBO/BUDGET ANALYSIS DIV (SIDAUTHR) SET(S):M03 02/13/86
(BACAUTH-S) BUDGET ACCOUNTS IN MILLIONS OF DOLLARS UNDER AUTHORIZING JURISDICTION OF THE 00:28:25

Senate Labor and Human Resources Committee

CBO CURRENT SERVICES SPENDING BASELINE

| *SOLE JURISDICTION* | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|---|
| Education and research overseas (Special foreign currency program)(Reses | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 0802 0 1 503 AA1 BASELINE | BA: | 0 | 0 | 0 | 0 | 0 | 0 |
| | OT: | 1 | * | 0 | 0 | 0 | 0 |
| Office of Educational Research and Improvement | | | | | | | |
| Education research and improvement | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 91 1100 0 1 503 AA1 BASELINE | BA: | 57 | 61 | 64 | 68 | 72 | 77 |
| | OT: | 66 | 67 | 62 | 66 | 70 | 74 |
| Departmental Management | | | | | | | |
| Contributions | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| $ 91 8258 0 7 503 DC1 BASELINE | BA: | 0 | 0 | 0 | 0 | 0 | 0 |
| | OT: | * | 0 | 0 | 0 | 0 | 0 |
| Other Independent Agencies | | | | | | | |
| National Commission on Libraries and Information Science | | | | | | | |
| Salaries and expenses | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 95 2700 0 1 503 AA1 BASELINE | BA: | 1 | 1 | 1 | 1 | 1 | 1 |
| | OT: | 1 | 1 | 1 | 1 | 1 | 1 |
| National Foundation on the Arts and the Humanities | | | | | | | |
| National Center for Afro-American Art | | | | | | | |
| SPENDING COMM: Labor, HHS Subcomm | | | | | | | |
| 95 3800 0 1 503 AA1 BASELINE | BA: | * | * | * | * | * | * |
| | OT: | * | * | * | * | * | * |
| National Commission on Libraries and Information Science | | | | | | | |
| Contributions | | | | | | | |
| SPENDING COMM: Senate Labor and Human Resources Committee | | | | | | | |
| $ 95 8078 0 7 503 DC1 BASELINE | BA: | 0 | 0 | 0 | 0 | 0 | 0 |
| | OT: | * | 0 | 0 | 0 | 0 | 0 |
| SUBFUNCTION 503 TOTAL BASELINE | BA: | 711 | 739 | 768 | 800 | 834 | 869 |
| | OT: | 769 | 746 | 752 | 782 | 814 | 848 |

* LESS THAN ONE MILLION DOLLARS
$ SPENDING COMMITTEE = AUTHORIZING COMMITTEE

United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510

Feb. 25, 1986

The Honorable Pete Domenici
SD-434
United States Senate
Washington, D.C. 20510

The Honorable Lawton Chiles
SR-250
United States Senate
Washington, D.C. 20510

Dear Senators Domenici and Chiles:

Because the Chairman of the Labor and Human Resources Committee has once again refused to convene the Committee to consider Committee Views and Estimates for the Budget Resolution, there is no official Committee recommendation on funding levels for programs within our Committee's jurisdiction. This letter conveys the views of Senators Kennedy, Pell, Metzenbaum, Matsunaga, Dodd, Simon, and Kerry.

We believe there is no sound justification for cuts below current service levels in most Labor Committee programs. Indeed, we believe modest expenditure increases are essential to meet pressing national needs.

Programs under Labor Committee jurisdiction have already been disproportionately reduced in previous rounds of cuts. The Committee contributed fully one quarter of the total cuts in the 1981 Reconciliation bill and almost one third of the total cuts in non-defense discretionary programs during the Reagan era. Since 1980, discretionary programs under Committee jurisdiction have been cut a total of 24 per cent--$11 billion in current dollars--after adjusting for inflation. By contrast, the domestic discretionary budget as a whole has been cut 18 per cent, and there has been a real increase in the military budget of almost 50 per cent.

Programs within the Labor Committee's jurisdiction either provide essential services to the most needy and dependent members of our society or are cost-effective and crucial investments in the future growth of the American economy and the prosperity and health of the American people. In a time of significantly increased levels of poverty, growing concern about the institutionalization of a permanently dependent underclass, continued high levels of unemployment, increasing difficulties of access to health care, and substantial unmet social needs, there is no humane or ethical justification for reduction of services to the most dependent members of our society. In a time when America faces substantial international challenges and a cloudy economic future, there is no rational justification for reducing investments in programs of education, training, or scientific research.

We anticipate Committee initiatives in the next few years to address such key national priorities as reduction in poverty and dependency, investment in human capital, enhancement of America's scientific and technological base, and improved access to essential health care for the poor and underserved. While many of these initiatives will result in overall deficit reduction and enhanced economic growth, these benefits are not likely to be reflected in reductions in expenditures in programs within the Committee's jurisdiction.

Since these initiatives are not yet full blown legislative proposals, it is difficult to estimate funding requirements in advance. A reasonable projection, however, would be $500 million over current service levels in 1987 and $1 billion to $1.5 billion over current service levels in subsequent years.

In addition to new initiatives that will increase expenditures over the current service baseline, maintenance of the existing research effort at NIH will require substantial additional expenditures above the CBO current service baseline because of the methodology CBO has used in calculating that baseline. CBO develops its baseline for NIH by simply adding an inflation factor to projected 1986 expenditures. Because the Congress increased the number of new and competing grants--the basic measure of research effort at NIH--last year, a true current service level involves both the continuation costs for the higher level of grants funded last year and funding requirements to make the same number of new grants this year. Maintaining this level of effort will require $450 million over the CBO current services level in 1987, $632 million in 1988, $746 million in 1989, and comparable levels in future years. A comparable adjustment to reflect greater than anticipated demand for Pell grants and previous borrowing from future appropriations would add $215 million in 1986, $250 million in 1987, and $240 million in 1988. Finally, the upcoming reauthorization for programs serving the handicapped will increase the recommended funding level for early intervention services for handicapped children and employment services to handicapped adults.

Total level of funding recommended for Committee programs, taking into account maintenance of current service levels for existing programs, adjustment in the current service level of NIH, adjustment of Pell Grant levels, improved services for the handicapped, and allowance for high priority initiatives is shown in Attachment A. A more specific discussion of programs under the Committee jurisdiction, organized by Subcommittee, follows. Comments on major Presidential proposals are attached. (Attachment B)

## HEALTH

There is a genuine crisis in access to health care in the United States today. The combination of high health care costs, Reagan Administration cuts in Medicaid, failure of AFDC levels to keep up with inflation, growth in the poverty population, continued high levels of unemployment, and changes in America's industrial base have increased the number of people without any health insurance from 25 million in 1977 to 37 million today--a whopping 48 per cent increase.

In 1982, one million Americans were refused health care because they could pay for it and another five million did not even seek care they felt they needed because they knew they could not pay for it. The number of poor women who do not receive early prenatal care has increased, and a recent report by the Secretary of HHS documented shocking disparaties between the health status of minorities and other Americans. Lack of an adequate family planning strategy for unmarried teenagers will cost the nation an estimated $8.5 billion dollars in public costs this year alone.

In view of these disturbing trends, there is no justification for cut-backs in the Federal effort to bring health care to the poor and underserved. Indeed, carefully targetted expansions are in order both on the grounds of simple justice and from an economic standpoint.

Other Federal health activities that should receive a high priority include basic biomedical research, delivery of services to the chronically mentally ill, prevention, and child health. Reductions in any of these areas could seriously compromise the quality of life in America and would result in unnecessary public and private costs. In particular, Administration proposals to reduce medical research; cut funding for AIDS research, prevention, and treatment; block up and cut family planning and community health centers; and eliminate health planning and health manpower training would impose heavy long-term costs on the American people. We urge that these proposals not be assumed in the Budget Resolution.

## EDUCATION

We believe that the real strength and health of our nation is determined in large measure by the sum total of the education and character of our people. The cuts proposed in the President's budget in graduate student loans, Pell Grants, campus-based student support grants, higher education categorical programs, and other areas would have a terrible impact upon education, and would destroy or defer the educational plans and efforts of millions of men and women throughout America. Adoption of the Administration's proposals would produce a negative effect that would be felt for generations.

## LABOR

The Committee suggests funding for programs under the jurisdiction of the Subcommittee on Labor at CBO baseline levels, with the exception of the Occupational Safety and Health Administration and the Mine Safety and Health Administration. The Committee will adopt increases above the CBO baseline for OSHA and MSHA recommended in the President's budget. The Committee believes that programs which directly impact upon the health and well-being of the country's working men and women must be accorded adequate resources to carry out statutory mandates.

The Committee is also concerned about enforcement of Fair Labor Standards Act and minimum wage requirements in light of the GAO's recent report on reductions within the Department's Wage and Hour division. These reductions are especially distressing at a time when the agency is undertaking additional enforcement responsibilities under FLSA.

## AGING

Programs under the jurisdiction of the Subcommittee on aging provide essential services to older Americans. We support continuation of current service level funding for these programs.

## HANDICAPPED

Major programs under the jurisdiction of the Subcommittee on the Handicapped are up for reathorization for this year. Maintenance of essential services for handicapped Americans and fulfillment of Federal obligations requires at least current services funding for most programs. In order to maximize the ability of handicapped Americans to achieve the highest possible level of development and independence, the reathorization will provide additional funding to expand early intervention services for children under the age of five and expanded employment services for handicapped adults. These services are cost-effective, because they reduce the long-term reliance of the handicapped on public support.

## CHILDREN, FAMILY, DRUGS, AND ALCOHOLISM

Given substantial cuts already made in children's programs since 1981 and dramatically increased numbers of children living in poverty, reductions below current service levels in programs serving children and families is unwarranted. Administration proposals to block grant the child abuse prevention Federal challenge grant program, the family violence program, and the child abuse prevention and treatment program into a block grant are unacceptable and ignore the epidemic of physical and sexual abuse victimizing American children. The Administration's proposal to eliminate the Community Services Block Grant is irresponsible given the increase in the number of Americans living in poverty since 1980 and the valuable educational, employment and housing services provided by this program.

## SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

At a time when a significant portion of the American working population is unemployed (6.7%), the President is seeking substantial reduction in Employment and Job Training Programs. Although the President may think that "America is back", the Labor Department's recently announced that initial claims for state unemployment insurance benefits increased by 32,000, to 396,000, for the week ending February 8, 1986.

In particular, the President's budget would do the following:

| Program | FY86 Approp. | FY87 Request |
|---|---|---|
| WIN & WIN Demo. | $ 180.0m | $ 25.0m |
| JTPA, Title II (Summer Youth) | 664.5m | 428.0m |
| Job Corps | 640.0m | 351.7m |
| Block Grants | 1863.2m | 1820.0m |

The President's budget would reduce WIN & WIN Demonstration funding by 87%, Summer Youth by 36%, Job Corps by 36% and the Employment and Training Block Grant by 4%. If enacted, these reductions would have several negative effects. First, any attempt to address the employment and training needs of the structurally unemployed (those displaced by plant closures and international trade policies), and the hard-core unemployed, including the illiterate and unskilled, who are inadequately prepared to compete in the job market would be substantially impaired. Second, the President's indication that he is interested in major reform of federal welfare programs would be based on existing federal job training programs, coupled with reforms of existing welfare programs. Now is an especially innpportune time to erode the federal financial base on which welfare reforms would be constructed. Third, if the federal government is ever to obtain its long-term goal of full employment for all Americans, employment training and education programs must be effectively coordinated at the federal level.

The Committee strongly recommends current service funding for essential employment and training programs.

CONCLUSION

Deficit reduction is essential, but deficit reduction should be rational and fair. Budget cuts which victimize the poor and dependent and sacrifice the future to pay for the mistakes of the past are unacceptable. We hope the Budget Committee will give careful consideration to the recommendations contained in this letter in making its recommendations to the Congress.

Sincerely,

Edward M. Kennedy

Claiborne Pell

Howard Metzenbaum

Spark Matsunaga

Christopher Dodd

Paul Simon

John Kerry

Attachment A

## COMMITTEE ON LABOR AND HUMAN RESOURCES: RECOMMENDED SPENDING LEVELS

Baseline Levels ($in millions)

| | FY86 | FY87 | FY88 | FY89 | FY90 | FY91 |
|---|---|---|---|---|---|---|
| BA | 45,962 | 47,040 | 48,949 | 50,741 | 52,842 | 55,030 |
| O | 45,012 | 45,091 | 47,030 | 48,899 | 50,988 | 53,248 |
| **Recommended Increases** | | | | | | |
| NIH | | | | | | |
| BA | - | 450 | 632 | 746 | 850 | 950 |
| O | - | 400 | 550 | 650 | 750 | 850 |
| Pell Grants | | | | | | |
| BA | 215 | 250 | 240 | - | - | - |
| O | 43 | 398 | 334 | - | - | - |
| Vocational Rehab. | | | | | | |
| BA | - | 102 | 158 | 192 | 266 | 327 |
| O | - | 102 | 158 | 192 | 266 | 327 |
| Special Education | | | | | | |
| BA | - | 263 | 278 | 296 | 314 | 333 |
| O | - | 263 | 278 | 296 | 314 | 333 |
| High Priority Initiatives | | | | | | |
| BA | - | 500 | 1,000 | 1,500 | 1,500 | 1,500 |
| O | | 500 | 1,000 | 1,500 | 1,500 | 1,500 |
| Total Additions to Basline | | | | | | |
| BA | 215 | 1,565 | 2,308 | 2,734 | 2,930 | 3,110 |
| O | 43 | 1,663 | 2,320 | 2,638 | 2,830 | 3,010 |
| Recommended Revised Baseline | | | | | | |
| BA | 46,777 | 48,605 | 51,257 | 53,475 | 55,772 | 58,140 |
| O | 45,055 | 46,754 | 49,350 | 51,537 | 53,818 | 56,258 |

ATTACHMENT B

We oppose the following Presidential proposals:

HEALTH

### A. Terminate support for Health Professions Education

The Committee unanimously approved the reauthorization of these programs, which was passed last year and signed by the President. Programs supporting training of health professionals have been shrunk from $476 million in 1980 to $198 million in 1986. The remaining funds are targetted in areas of true national need: primary care, public health, support for disadvantaged and minority students, and advanced nurse training.

### B. Terminate health planning.

The Committee unanimously reported reauthorization of the health planning program just a few months ago. In an era of increasingly difficult access to health care for the poor, strong market pressure on providers, and continued development of high technology, resource intensive medicine, strong public input into health allocation decisions is essential.

### C. Establish a primary care block grant

In place of community health centers, migrant health centers, family planning, and black lung clinics, the President proposes to establish a primary care block grant and cut funding for the combined program.

Establishment of this block grant has been proposed every year since 1981 and rejected by the Congress. The number of people without any health insurance has grown 48% since 1977--to 37 million--and the problem of teenage pregnancy is recognized as one of the major areas of welfare dependency. This is no time to cut back on health care for the poor and underserved. These programs are discreet, very cost-effective, and are activities which have no administrative overlap or joint planning. There is little justification for requiring states to construct new administrative apparatus to replace workable and effective existing structures.

### D. Eliminate additional funding for the vaccine stockpile/fail to expand the vaccine program.

A new vaccine for children which could prevent 10,000 cases per year of meningitis and another 10,000 cases of pneumonia was approved by the FDA in 1985. Thus far, almost all of the new vaccines distributed have been in the private sector, despite the fact that 50% of all vaccinations for children are done in the public sector. The new vaccine should be part of the FDA program.

In view of uncertainties about the future availability of vaccines currently supplied by the FDA, the vaccine stockpile needs to be increased rather than curtailed.

E. Cut NIH new and competing grants from the 6100 authorized by Congress to 5,500 in 1986 and 5,140 in 1987; cap indirect cost payments; eliminate the Biomedical Research Support Grant Program.

The Administration has consistently tried to curtail the NIH research effort, despite the repeated actions of the Congress to expand NIH activities. The proposed cutback would threaten the U.S.'s acknowledged role as the world leader in biomedical research, slow progress toward research breakthroughs that appear to be imminent in a number of areas, and add to long-term health care costs. While some reduction in overhead payments may be appropriate, the Administration's proposed cuts are too deep and could damage the nation's major research universities, particularly when combined with the proposed elimination of the BRSG.

F. Cut NIMH research budget/eliminate the Community Support Program and Protection and Advocacy Projects.

Impartial studies have indicated that the nation should be investing considerably more in basic research relating to brain function. The human and economic costs of mental illness are astronomical, and we may be at a point where significant scientific progress can be made. In view of the Nation's failure to serve the chronically mentally ill appropriately and humanely, elimination of the Community Support Program and Protection and Advocacy Projects would be disgraceful.

G. Cuts in AIDS funding.

In view of the estimated 1.5 million Americans infected with the AIDS virus, the high fatality rate connected with infection, the potential for rapid spread of the disease beyond current high risk populations, and the potentially astronomical costs of care for victims of the disease, cuts in AIDS funding would be irresponsible.

EDUCATION

H. Cut Pell Grants

We reject the Administration's proposals to cut Pell Grant funds for the school year 1987-88 by $583 million. The funding cuts and program changes advocated by the President would mean that some 816,000 fewer students would be eligible for Pell Grants. That would represent a cut of more than 25% in the Pell Grant program, which currently serves about 3 million students a year.

I. Cut Campus-Based Student Support Program

We oppose the changes proposed by the Administration in the campus-based programs. These proposals would drastically alter the NDSL program, terminate the SSIG program, and merge the College Work-Study program with the Supplemental Educational Opportunity Grant program. The result would be a 57% cut in funding, and the elimination of 2 million individual grants, loans, scholarships, and college work-study awards.

J. Cut GSL's.

For the Guaranteed Student Loan program, the changes put forth by the Administration would have a heavy impact upon already hard-pressed student borrowers. The in-school interest subsidy would be eliminated, which means that the interest on the money a student borrows would accrue and compound while the student was in school. The borrowing rate, now at 8%, would be changed to the T-bill rate through the third year of repayment and T-bill plus 3% thereafter. All told, the program would serve fewer students and would be much more costly for those who continued to borrow.

K. Terminate Higher Education Categorical Aid Programs.

We deplore the proposed termination of important higher education categorial aid programs which strengthen the quality of postsecondary instruction throughout America. These important programs include international education, library programs, cooperative education, all graduate assistance, and the Perkins scholarships for prospective teachers. Elimination of these programs would have a devastating effect upon American higher education, and most especially upon graduate education. We reject the Administration's proposals and advocate the continuation of these important efforts.

L. Cut Vocational Education

We strongly oppose the President's efforts to cut vocational education funds. The Administration's proposals would cut vocational education funding by more than 50%, and action which would have a devastating impact on the 17 million Americans who today benefit from the vocational education and training programs supported by this important Federal activity.

M. Cut Library Services.

We abhor the Administration's efforts to wipe out all Federal support for library and learning technologies. If taken, this action would severely cripple library services and construction for that part of our population that today has either inadequate services or no services at all.

N. Terminate Institute of Museum Services

We reject the President's proposal to terminate the Institute of Museum Services. With a relatively modest budget, the Institute has had a significant effect in sustaining and improving the health and vitality of our nation's museums. These institutions play a major part in preserving our nation's culteral heritage, and we decry the effort to end the small, but important Federal contribution in this area.

## CHILDREN AND FAMILIES

### O. Block up child abuse programs.

Diffusing the impact of these programs by blocking them up is unacceptable at a time of widespread concern over the epidemic of physical and sexual abuse victimizing American children.

### P. Eliminate Community Service Block Grant

The number of children and families in poverty has increased dramatically during the Reagan presidency. Eliminating an effective program providing employment, education, and housing services to this dependent population is neither cost-effective nor humane.

## EMPLOYMENT AND TRAINING

### Q. Eliminate WIN; cut JTPA Summer Youth programs 36%; cut Job Corps 36%; Cut the Employment and Training Block Grant 4%; Freeze JTPA dislocated workers program at a reduced FY86 level.

At a time of high unemployment, increased numbers of Americans in poverty, and growing concern over welfare dependency, deep cuts in effective programs designed to put Americans to work are short-sighted and irresponsible.

(PR-PRES)

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**United States Senate**
COMMITTEE ON
RULES AND ADMINISTRATION
WASHINGTON, DC 20510

February 25, 1986

The Honorable Pete V. Domenici, Chairman
The Honorable Lawton Chiles, Ranking Minority Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Pete and Lawton:

This letter transmits the views and estimates of the Committee on Rules and Administration as required by the Congressional Budget and Impoundment Control Act of 1974, as amended by PL 99-177, the Balanced Budget and Emergency Deficit Control Act.

Sincerely,

Mac

Charles McC. Mathias, Jr.
Chairman

### Senate Committee on Rules and Administration
### Views and Estimates - FY 1987 Budget
### February 25, 1986

1. The Committee estimates reflect the Congressional Budget Office baseline amounts set forth in the report dated February 13, 1986, except in four instances where the President's Current Services Estimates are lower and two instances where the President's program recommendations are lower. These exceptions are set forth in Table A, attached.

2. The total for "CBO baseline" set forth in Table A is higher than the total of the CBO report dated February 13, 1986, transmitted with the February 13, 1986, letter from the Budget Committee. The difference is due to the omission of some accounts. The omitted accounts are set forth in Table B.

3. Tables C and D set forth the President's current services estimates, the President's budget recommendations, the Congressional Budget Office baseline, the Committee's estimates, and a comparison between the Committee's estimates and the President's recommendations. Budget authority amounts are set forth in Table C, and outlay amounts are set forth in Table D.

4. With respect to the President's recommendations for fiscal year 1986 it is observed that $88.6 million in budget authority estimates and $75.3 million in outlay estimates are in the form of supplementals. It should be anticipated that these additions to the amounts already enacted for 1986 might not be enacted because of the new rules with respect to supplementals established by PL 99-177. The accounts with supplementals are set forth in Table E.

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE A
REPORT ON SPENDING REQUIREMENTS
(IN THOUSANDS OF DOLLARS)

| | FY 1987 | | FY 1988 | | FY 1989 | | FY 1990 | | FY 1991 | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | BA | O | BA | O | BA | O | BA | O | BA | O |
| Baseline level | 1,730,485 | 1,704,574 | 1,832,140 | 1,924,421 | 1,832,525 | 1,771,176 | 1,959,513 | 1,886,909 | 1,950,380 | 1,880,571 |
| Recommended decreases: | | | | | | | | | | |
| Smithsonian Institution<br>Museum programs and related research, special foreign currency program<br>(Account ID code: 33-50 33-0102-503) | (2,514) | (3,039) | (2,661) | (1,160) | (2,823) | (2,583) | (2,996) | (2,738) | (3,184) | (2,903) |
| Construction and improvements, National Zoological Park<br>(Account ID code: 33-50 33-0129-503) | (700) | (490) | (972) | (1,375) | (1,237) | (1,171) | (1,516) | (1,446) | (1,810) | (1,733) |
| Construction<br>(Account ID code: 33-50 33-0123-503) | 25 | (575) | (4,196) | (6,760) | (4,387) | (4,229) | (4,568) | (4,414) | (4,722) | (4,386) |
| Repair, restoration, and renovation of buildings<br>(Account ID code: 33-50 33-0201-503) | (899) | 1,163 | (3,066) | (1,885) | (3,203) | (3,014) | (3,357) | (3,167) | (3,517) | (3,321) |
| Salaries and expenses, Woodrow Wilson International Center for Scholars<br>(Account ID code: 33-50 33-0400-503) | (512) | (438) | (560) | (522) | (612) | (572) | (667) | (625) | (785) | (740) |
| FDR Memorial Commission<br>Salaries and expenses<br>(Account ID code: 31-05 76-0800-806) | (21) | (1) | (27) | (21) | (24) | (22) | (25) | (25) | (27) | (26) |
| Recommended increases: | | | | | | | | | | |
| None. | | | | | | | | | | |
| Total level recommended by the committee. | 1,725,864 | 1,701,194 | 1,820,672 | 1,912,698 | 1,820,239 | 1,759,584 | 1,946,384 | 1,874,494 | 1,936,335 | 1,867,362 |

## COMMITTEE ON RULES AND ADMINISTRATION
## NARRATIVE STATEMENT ON RECOMMENDED SPENDING LEVELS

### Recommended Decreases

1. Museum programs and related research, special foreign currency program. (Account ID code: 32-50 33-0102-503). Reduction in CBO baseline to equal President's program recommendations.

2. Construction and improvements, National Zoological Park. (Account ID code: 32-50 33-0129-503). Reduction in CBO baseline to equal President's program recommendations.

3. Construction. (Account ID code: 32-50 33-0133-503). Reduction in CBO baseline to equal President's current services recommendations.

4. Repair, restoration, and renovation of buildings. (Account ID code: 32-50 33-0201-503). Reduction in CBO baseline to equal President's program recommendations.

5. Salaries and expenses, Woodrow Wilson International Center for Scholars. (Account ID code: 32-50 33-0400-503). Reduction in CBO baseline to equal President's current services estimates.

6. FDR Memorial Commission, salaries and expenses. (Account ID code: 31-05 76-0800-806). Reduction in CBO baseline to equal President's program recommendations.

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SENATE COMMITTEE ON RULES AND ADMINISTRATION
TABLE B
ACCOUNTS NOT ON CBO 2.13.86 LIST SENT WITH 2.13.86 BUDGET COMMITTEE LETTER
(IN THOUSANDS OF DOLLARS)

PAGE B 1

| SEQUENCE: FUNCTION, AGENCY, BUREAU, ACCOUNT | | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
|---|---|---|---|---|---|---|
| 01-25 03-0102-376<br>Copyright Office: Salaries and expenses | BA | 10,514 | 10,624 | 10,744 | 10,873 | 11,013 |
| | O | 10,505 | 10,615 | 10,734 | 10,862 | 11,001 |
| 01-25 03-5175-376<br>Payments to copyright owners | BA | 121,000 | 133,100 | 146,410 | 161,051 | 177,156 |
| | O | 110,000 | 121,000 | 133,100 | 146,410 | 161,051 |
| 30-32 95-2600-451<br>Salaries and expenses, COMMISSION OF FINE ARTS | BA | 371 | 378 | 386 | 394 | 403 |
| | O | 370 | 377 | 385 | 393 | 402 |
| 32-50 00-0201-503<br>Repair, restoration, and renovation of buildings | BA | 3,299 | 3,456 | 3,603 | 3,757 | 3,917 |
| | O | 2,264 | 3,077 | 3,414 | 3,567 | 3,721 |
| 01-05 00-0115-801<br>Payments to widows and heirs of deceased members of Congress | BA | | | | | |
| | O | | | | | |
| 01-05 00-0165-801<br>Automobiles and maintenance | BA | | | | | |
| | O | | | | | |
| 01-05 00-0171-801<br>Office of Senate Legal Counsel | BA | 562 | 587 | 613 | 639 | 667 |
| | O | 560 | 585 | 611 | 636 | 665 |
| 01-05 00-0173-801<br>Joint Study Panel on Social Security Administration, Senate | BA | | | | | |
| | O | | | | | |
| 01-05 00-0188-801<br>Congressional use of foreign currency, Senate | BA | | | | | |
| | O | | | | | |
| 01-05 00-4021-801<br>Recording studio (revolving fund) | BA | | | | | |
| | O | | | | | |

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SENATE COMMITTEE ON RULES AND ADMINISTRATION
TABLE B
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(IN THOUSANDS OF DOLLARS)

PAGE B 2

| SEQUENCE: FUNCTION, AGENCY, BUREAU, ACCOUNT | | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
|---|---|---|---|---|---|---|
| 01-05 00-4022-801<br>Senate restaurant fund (revolving fund) | BA<br>O | | | | | |
| 01-05 00-4046-801<br>Senate computer center (revolving fund) | BA<br>O | | | | | |
| 01-05 00-4047-801<br>Senate barber shops (revolving fund) | BA<br>O | | | | | |
| 01-10 00-0208-801<br>Mileage of Members | BA<br>O | 152<br>76 | 161<br>81 | 171<br>86 | 181<br>91 | 193<br>97 |
| 01-10 00-0215-801<br>Payments to widows and heirs of deceased members of Congress | BA<br>O | | | | | |
| 01-10 00-0408-801<br>House leadership offices | BA<br>O | 3,247<br>3,242 | 3,284<br>3,280 | 3,324<br>3,320 | 3,366<br>3,362 | 3,412<br>3,407 |
| 01-10 00-0410-801<br>Salaries, officers and employees | BA<br>O | 45,854<br>45,876 | 45,854<br>45,854 | 45,854<br>45,854 | 45,854<br>45,854 | 45,854<br>45,854 |
| 01-10 00-0415-801<br>Members' clerk hire | BA<br>O | 159,591<br>157,197 | 159,591<br>157,197 | 159,591<br>157,197 | 159,591<br>157,197 | 159,591<br>157,197 |
| 01-10 00-0416-801<br>Committee employees | BA<br>O | 42,419<br>40,722 | 42,419<br>40,722 | 42,419<br>40,722 | 42,419<br>40,722 | 42,419<br>40,722 |
| 01-10 00-0418-801<br>Committee on Appropriations (Studies and Investigations) | BA<br>O | 4,134<br>3,307 | 4,181<br>3,345 | 4,232<br>3,386 | 4,286<br>3,429 | 4,345<br>3,476 |

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AS OF 02/21/86 18:59

## SENATE COMMITTEE ON RULES AND ADMINISTRATION
TABLE B
ACCOUNTS NOT ON CBO 2.13.86 LIST SENT WITH 2.13.86 BUDGET COMMITTEE LETTER
(IN THOUSANDS OF DOLLARS)

PAGE B 3

| SEQUENCE: FUNCTION, AGENCY, BUREAU, ACCOUNT | | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
|---|---|---|---|---|---|---|
| 01-10 00-0419-801<br>Committee on the Budget (Studies) | BA<br>O | 286<br>250 | 289<br>252 | 293<br>256 | 297<br>259 | 301<br>263 |
| 01-10 00-0433-801<br>Special and select committees | BA<br>O | 45,417<br>43,600 | 45,932<br>44,095 | 46,489<br>44,629 | 47,087<br>45,204 | 47,727<br>45,818 |
| 01-10 00-0438-801<br>Allowances and expenses | BA<br>O | 132,634<br>131,843 | 137,977<br>137,122 | 143,764<br>142,838 | 149,971<br>148,978 | 156,622<br>155,557 |
| 01-10 00-0440-801<br>Stationery (revolving fund) | BA<br>O | | | | | |
| 01-10 00-0488-801<br>Congressional use of foreign currency, House of Representatives | BA<br>O | 2,790<br>2,790 | 2,905<br>2,905 | 3,023<br>3,023 | 3,149<br>3,149 | 3,278<br>3,278 |
| 01-10 00-4003-801<br>House of Representatives restaurant fund (revolving fund) | BA<br>O | | | | | |
| 01-10 00-4004-801<br>Recording studio (revolving fund) | BA<br>O | | | | | |
| 01-10 00-4006-801<br>Beauty shop (revolving fund) | BA<br>O | | | | | |
| 01-10 00-4007-801<br>House barber shops (revolving fund) | BA<br>O | | | | | |
| 01-10 00-4008-801<br>Office of the attending physician (revolving fund) | BA<br>O | | | | | |

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SENATE COMMITTEE ON RULES AND ADMINISTRATION
TABLE B
ACCOUNTS NOT ON CBO 2.13.86 LIST SENT WITH 2.13.86 BUDGET COMMITTEE LETTER
(IN THOUSANDS OF DOLLARS)

AS OF 02/21/86 18:59

PAGE B 4

| SEQUENCE: FUNCTION, AGENCY, BUREAU, ACCOUNT | | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
|---|---|---|---|---|---|---|
| 01-10 00-4011-801<br>Page residence hall and meal plan | BA | | | | | |
| | O | | | | | |
| 01-12 00-0199-801<br>Statements of appropriations, Senate | BA | | | | | |
| | O | | | | | |
| 01-12 00-0820-801<br>Education of pages | BA | | | | | |
| | O | | | | | |
| 01-14 08-0100-801<br>Salaries and expenses, CONGRESSIONAL BUDGET OFFICE | BA | 16,611 | 17,102 | 17,641 | 18,219 | 18,844 |
| | O | 16,566 | 17,053 | 17,587 | 18,161 | 18,782 |
| 01-15 01-0104-801<br>Acquisition of property as an addition to the Capitol grounds | BA | | | | | |
| | O | | | | | |
| 01-15 01-0110-801<br>Congressional cemetery | BA | | | | | |
| | O | | | | | |
| 01-15 01-0119-801<br>Master plan for future development of the Capitol grounds and related areas | BA | | | | | |
| | O | | | | | |
| 01-15 01-0127-801<br>House office buildings | BA | 21,367 | 21,616 | 21,889 | 22,182 | 22,499 |
| | O | 21,342 | 21,590 | 21,860 | 22,151 | 22,465 |
| 01-15 01-0128-801<br>Acquisition of property, construction, and equipment, additional House Office Building | BA | | | | | |
| | O | | | | | |

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## SENATE COMMITTEE ON RULES AND ADMINISTRATION
TABLE B
ACCOUNTS NOT ON CBO 2.13.86 LIST SENT WITH 2.13.86 BUDGET COMMITTEE LETTER
(IN THOUSANDS OF DOLLARS)

PAGE B 5

| SEQUENCE: FUNCTION, AGENCY, BUREAU, ACCOUNT | | FY 1987 | FY 1988 | FY 1989 | FY 1990 | FY 1991 |
|---|---|---|---|---|---|---|
| 01-15 01-0129-801<br>Installation of solar collectors in House office buildings | BA<br>O | | | | | |
| 01-15 01-0158-801<br>Library of Congress James Madison Memorial Building | BA<br>O | | | | | |
| 01-45 09-0700-801<br>Office of Technology Assessment: Salaries and expenses | BA<br>O | 15,134<br>15,035 | 15,670<br>15,563 | 16,257<br>16,140 | 16,888<br>16,761 | 17,571<br>17,435 |
| 01-45 09-8094-801<br>Office of Technology Assessment: Contributions and donations | BA<br>O | 3<br>3 | 3<br>3 | 3<br>3 | 4<br>4 | 4<br>4 |
| GRAND TOTAL | BA<br>O | 625,385<br>605,548 | 645,129<br>624,716 | 666,706<br>645,145 | 690,208<br>667,190 | 715,816<br>691,195 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 1

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| COMMERCE AND HOUSING CREDIT (370)<br>OTHER ADVANCEMENT OF COMMERCE (376)<br>LEGISLATIVE BRANCH (01)<br>LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0102-376<br>Copyright Office: Salaries and expenses | BA86 | 10,413 | 10,413 | 10,413 | 10,413 | --- |
| | 87 | 10,978 | 10,978 | 10,514 | 10,514 | -464 |
| | 88 | 12,800 | 12,800 | 10,624 | 10,624 | -2,176 |
| | 89 | 13,700 | 13,700 | 10,744 | 10,744 | -2,956 |
| | 90 | 14,700 | 14,700 | 10,873 | 10,873 | -3,827 |
| | 91 | 15,700 | 15,700 | 11,013 | 11,013 | -4,687 |
| 01-25 03-5175-376<br>Payments to copyright owners | BA86 | 110,000 | 110,000 | 110,000 | 110,000 | --- |
| | 87 | 110,000 | 110,000 | 121,000 | 121,000 | 11,000 |
| | 88 | 110,000 | 110,000 | 133,100 | 133,100 | 23,100 |
| | 89 | 110,000 | 110,000 | 146,410 | 146,410 | 36,410 |
| | 90 | 110,000 | 110,000 | 161,051 | 161,051 | 51,051 |
| | 91 | 110,000 | 110,000 | 177,156 | 177,156 | 67,156 |
| TOTAL BUREAU (01-25) | BA86 | 120,413 | 120,413 | 120,413 | 120,413 | --- |
| | 87 | 120,978 | 120,978 | 131,514 | 131,514 | 10,536 |
| | 88 | 122,800 | 122,800 | 143,724 | 143,724 | 20,924 |
| | 89 | 123,700 | 123,700 | 157,154 | 157,154 | 33,454 |
| | 90 | 124,700 | 124,700 | 171,924 | 171,924 | 47,224 |
| | 91 | 125,700 | 125,700 | 188,169 | 188,169 | 62,469 |
| TOTAL AGENCY (01) | BA86 | 120,413 | 120,413 | 120,413 | 120,413 | --- |
| | 87 | 120,978 | 120,978 | 131,514 | 131,514 | 10,536 |
| | 88 | 122,800 | 122,800 | 143,724 | 143,724 | 20,924 |
| | 89 | 123,700 | 123,700 | 157,154 | 157,154 | 33,454 |
| | 90 | 124,700 | 124,700 | 171,924 | 171,924 | 47,224 |
| | 91 | 125,700 | 125,700 | 188,169 | 188,169 | 62,469 |
| TOTAL SUBFUNCTION (376) | BA86 | 120,413 | 120,413 | 120,413 | 120,413 | --- |
| | 87 | 120,978 | 120,978 | 131,514 | 131,514 | 10,536 |
| | 88 | 122,800 | 122,800 | 143,724 | 143,724 | 20,924 |
| | 89 | 123,700 | 123,700 | 157,154 | 157,154 | 33,454 |
| | 90 | 124,700 | 124,700 | 171,924 | 171,924 | 47,224 |
| | 91 | 125,700 | 125,700 | 188,169 | 188,169 | 62,469 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 2

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL FUNCTION (370) | BA86 | 120,413 | 120,413 | 120,413 | 120,413 | --- |
| | 87 | 120,978 | 120,978 | 131,514 | 131,514 | 10,536 |
| | 88 | 122,800 | 122,800 | 143,724 | 143,724 | 20,924 |
| | 89 | 123,700 | 123,700 | 157,154 | 157,154 | 33,454 |
| | 90 | 124,700 | 124,700 | 171,924 | 171,924 | 47,224 |
| | 91 | 125,700 | 125,700 | 188,169 | 188,169 | 62,469 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 3

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| COMMUNITY AND REGIONAL DEVELOPMENT (450)<br>COMMUNITY DEVELOPMENT (451)<br>OTHER INDEPENDENT AGENCIES (30)<br>COMMISSION OF FINE ARTS (30-32) | | | | | | |
| 30-32 95-2600-451<br>Salaries and expenses, COMMISSION OF FINE ARTS | BA86 | 364 | 364 | 364 | 364 | --- |
| | 87 | 404 | 420 | 371 | 371 | -49 |
| | 88 | 363 | 379 | 378 | 378 | -1 |
| | 89 | 370 | 386 | 386 | 386 | --- |
| | 90 | 378 | 394 | 394 | 394 | --- |
| | 91 | 385 | 401 | 403 | 403 | 2 |
| TOTAL BUREAU (30-32) | BA86 | 364 | 364 | 364 | 364 | --- |
| | 87 | 404 | 420 | 371 | 371 | -49 |
| | 88 | 363 | 379 | 378 | 378 | -1 |
| | 89 | 370 | 386 | 386 | 386 | --- |
| | 90 | 378 | 394 | 394 | 394 | --- |
| | 91 | 385 | 401 | 403 | 403 | 2 |
| TOTAL AGENCY (30) | BA86 | 364 | 364 | 364 | 364 | --- |
| | 87 | 404 | 420 | 371 | 371 | -49 |
| | 88 | 363 | 379 | 378 | 378 | -1 |
| | 89 | 370 | 386 | 386 | 386 | --- |
| | 90 | 378 | 394 | 394 | 394 | --- |
| | 91 | 385 | 401 | 403 | 403 | 2 |
| TOTAL SUBFUNCTION (451) | BA86 | 364 | 364 | 364 | 364 | --- |
| | 87 | 404 | 420 | 371 | 371 | -49 |
| | 88 | 363 | 379 | 378 | 378 | -1 |
| | 89 | 370 | 386 | 386 | 386 | --- |
| | 90 | 378 | 394 | 394 | 394 | --- |
| | 91 | 385 | 401 | 403 | 403 | 2 |
| TOTAL FUNCTION (450) | BA86 | 364 | 364 | 364 | 364 | --- |
| | 87 | 404 | 420 | 371 | 371 | -49 |
| | 88 | 363 | 379 | 378 | 378 | -1 |
| | 89 | 370 | 386 | 386 | 386 | --- |
| | 90 | 378 | 394 | 394 | 394 | --- |
| | 91 | 385 | 401 | 403 | 403 | 2 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 4

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SE(500)<br>RESEARCH AND GENERAL EDUCATION AIDS (503)<br>LEGISLATIVE BRANCH (01)<br>LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0101-503<br>Salaries and expenses, LIBRARY OF CONGRESS | BA86 | 127,996 | 127,996 | 127,996 | 127,996 | --- |
| | 87 | 143,839 | 143,839 | 130,678 | 130,678 | -13,161 |
| | 88 | 156,800 | 156,800 | 133,578 | 133,578 | -23,222 |
| | 89 | 167,100 | 167,100 | 136,727 | 136,727 | -30,373 |
| | 90 | 178,800 | 178,800 | 140,104 | 140,104 | -38,696 |
| | 91 | 191,300 | 191,300 | 143,731 | 143,731 | -47,569 |
| 01-25 03-0141-503<br>Books for the blind and physically handicapped: Salaries and expenses | BA86 | 32,309 | 32,309 | 32,309 | 32,309 | --- |
| | 87 | 38,847 | 38,847 | 33,640 | 33,640 | -5,207 |
| | 88 | 43,200 | 43,200 | 35,046 | 35,046 | -8,154 |
| | 89 | 46,200 | 46,200 | 36,505 | 36,505 | -9,695 |
| | 90 | 49,400 | 49,400 | 38,065 | 38,065 | -11,335 |
| | 91 | 52,800 | 52,800 | 39,678 | 39,678 | -13,122 |
| 01-25 03-0144-503<br>Collection and distribution of library materials (special foreign currency program) | BA86 | 796 | 796 | 796 | 796 | --- |
| | 87 | 390 | 390 | 826 | 826 | 436 |
| | 88 | 390 | 390 | 858 | 858 | 468 |
| | 89 | --- | --- | 892 | 892 | 892 |
| | 90 | --- | --- | 929 | 929 | 929 |
| | 91 | --- | --- | 968 | 968 | 968 |
| 01-25 03-0146-503<br>Furniture and furnishings | BA86 | 853 | 853 | 853 | 853 | --- |
| | 87 | 15,983 | 15,983 | 888 | 888 | -15,095 |
| | 88 | 2,065 | 2,065 | 925 | 925 | -1,140 |
| | 89 | 2,065 | 2,065 | 962 | 962 | -1,103 |
| | 90 | 1,600 | 1,600 | 1,002 | 1,002 | -598 |
| | 91 | 1,600 | 1,600 | 1,043 | 1,043 | -557 |
| 01-25 03-5075-503<br>Oliver Wendell Holmes devise fund | BA86 | 11 | 11 | 11 | 11 | --- |
| | 87 | 6 | 6 | 6 | 6 | --- |
| | 88 | 7 | 7 | 7 | 7 | --- |
| | 89 | 7 | 7 | 7 | 7 | --- |
| | 90 | 7 | 7 | 7 | 7 | --- |
| | 91 | 7 | 7 | 7 | 7 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 8

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-25 03-9971-503 | BA86 | 7,797 | 7,797 | 7,797 | 7,797 | --- |
| Gift and trust fund accounts | 87 | 8,751 | 8,751 | 8,751 | 8,751 | --- |
| | 88 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 89 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 90 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 91 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| TOTAL BUREAU (01-25) | BA86 | 169,762 | 169,762 | 169,762 | 169,762 | --- |
| | 87 | 207,816 | 207,816 | 174,789 | 174,789 | -33,027 |
| | 88 | 209,389 | 209,389 | 177,341 | 177,341 | -32,048 |
| | 89 | 222,299 | 222,299 | 182,020 | 182,020 | -40,279 |
| | 90 | 236,734 | 236,734 | 187,034 | 187,034 | -49,700 |
| | 91 | 252,634 | 252,634 | 192,354 | 192,354 | -60,280 |
| TOTAL AGENCY (01) | BA86 | 169,762 | 169,762 | 169,762 | 169,762 | --- |
| | 87 | 207,816 | 207,816 | 174,789 | 174,789 | -33,027 |
| | 88 | 209,389 | 209,389 | 177,341 | 177,341 | -32,048 |
| | 89 | 222,299 | 222,299 | 182,020 | 182,020 | -40,279 |
| | 90 | 236,734 | 236,734 | 187,034 | 187,034 | -49,700 |
| | 91 | 252,634 | 252,634 | 192,354 | 192,354 | -60,280 |
| OTHER INDEPENDENT AGENCIES (32)<br>SMITHSONIAN INSTITUTION (32-50) | | | | | | |
| 32-50 33-0100-503 | BA86 | 169,384 | 169,384 | 169,384 | 169,384 | --- |
| Salaries and expenses, SMITHSONIAN INSTITUTION | 87 | 182,527 | 190,061 | 171,898 | 171,898 | -18,163 |
| | 88 | 190,556 | 197,502 | 174,613 | 174,613 | -22,889 |
| | 89 | 190,875 | 203,104 | 177,553 | 177,553 | -25,551 |
| | 90 | 202,608 | 208,706 | 180,707 | 180,707 | -27,999 |
| | 91 | 202,984 | 214,158 | 184,087 | 184,087 | -30,071 |
| 32-50 33-0102-503 | BA86 | 2,378 | 2,378 | 2,378 | 2,378 | --- |
| Museum programs and related research (special foreign currency program) | 87 | 1,393 | --- | 2,514 | --- | --- |
| | 88 | 1,393 | --- | 2,661 | --- | --- |
| | 89 | 1,393 | --- | 2,823 | --- | --- |
| | 90 | 1,393 | --- | 2,996 | --- | --- |
| | 91 | 1,393 | --- | 3,184 | --- | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 32-50 33-0128-503<br>Construction and improvements, National Zoological Park | BA86 | 5,281 | 5,281 | 5,281 | 5,281 | --- |
| | 87 | 5,314 | 4,851 | 5,551 | 4,851 | --- |
| | 88 | 5,603 | 4,851 | 5,823 | 4,851 | --- |
| | 89 | 5,885 | 4,851 | 6,088 | 4,851 | --- |
| | 90 | 6,154 | 4,851 | 6,367 | 4,851 | --- |
| | 91 | 6,410 | 4,851 | 6,661 | 4,851 | --- |
| 32-50 33-0132-503<br>Restoration and renovation of buildings | BA86 | 10,536 | 10,536 | 10,536 | 10,536 | --- |
| | 87 | 10,602 | 12,828 | 11,073 | 11,073 | -1,755 |
| | 88 | 11,179 | 15,928 | 11,600 | 11,600 | -4,328 |
| | 89 | 11,741 | 16,698 | 12,095 | 12,095 | -4,603 |
| | 90 | 12,278 | 17,431 | 12,612 | 12,612 | -4,819 |
| | 91 | 12,787 | 18,127 | 13,149 | 13,149 | -4,978 |
| 32-50 33-0133-503<br>Construction | BA86 | 3,805 | 3,805 | 3,805 | 3,805 | --- |
| | 87 | 4,024 | 7,500 | 3,999 | 4,024 | -3,476 |
| | 88 | --- | --- | 4,196 | --- | --- |
| | 89 | --- | --- | 4,387 | --- | --- |
| | 90 | --- | --- | 4,588 | --- | --- |
| | 91 | --- | --- | 4,722 | --- | --- |
| 32-50 33-0200-503<br>Salaries and expenses, National Gallery of Art | BA86 | 32,108 | 32,108 | 32,108 | 32,108 | --- |
| | 87 | 32,611 | 34,607 | 32,726 | 32,726 | -1,881 |
| | 88 | 33,105 | 35,153 | 33,391 | 33,391 | -1,762 |
| | 89 | 33,539 | 35,673 | 34,105 | 34,105 | -1,568 |
| | 90 | 33,920 | 36,167 | 34,871 | 34,871 | -1,296 |
| | 91 | 34,227 | 36,667 | 35,685 | 35,685 | -982 |
| 32-50 00-0201-503<br>Repair, restoration, and renovation of buildings | BA86 | 3,139 | 3,139 | 3,139 | 3,139 | --- |
| | 87 | 2,255 | 2,400 | 3,299 | 2,400 | --- |
| | 88 | 251 | 400 | 3,456 | 400 | --- |
| | 89 | 260 | 400 | 3,603 | 400 | --- |
| | 90 | 270 | 400 | 3,757 | 400 | --- |
| | 91 | 272 | 400 | 3,817 | 400 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 32-50 33-0400-503<br>Salaries and expenses, Woodrow Wilson International Center for Scholars | BA86 | 3,227 | 3,227 | 3,227 | 3,227 | --- |
| | 87 | 2,806 | 3,266 | 3,318 | 2,806 | -460 |
| | 88 | 2,855 | 3,010 | 3,415 | 2,855 | -155 |
| | 89 | 2,904 | 3,064 | 3,516 | 2,904 | -160 |
| | 90 | 2,957 | 3,122 | 3,624 | 2,957 | -165 |
| | 91 | 2,952 | 3,122 | 3,737 | 2,952 | -170 |
| 32-50 00-0401-503<br>Payment to the endowment challenge fund | BA86 | 994 | 994 | 994 | 994 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 32-50 00-8188-503<br>Endowment challenge fund | BA86 | 5C | 50 | 50 | 50 | --- |
| | 87 | 150 | 150 | 150 | 150 | --- |
| | 88 | 175 | 175 | 175 | 175 | --- |
| | 89 | 200 | 200 | 200 | 200 | --- |
| | 90 | 200 | 200 | 200 | 200 | --- |
| | 91 | 200 | 200 | 200 | 200 | --- |
| 32-50 33-8190-503<br>Canal Zone biological area fund | BA86 | 143 | 143 | 143 | 143 | --- |
| | 87 | 119 | 119 | 119 | 119 | --- |
| | 88 | 135 | 135 | 115 | 115 | -20 |
| | 89 | 135 | 135 | 115 | 115 | -20 |
| | 90 | 135 | 135 | 115 | 115 | -20 |
| | 91 | 135 | 135 | 115 | 115 | -20 |
| TOTAL BUREAU (32-50) | BA86 | 231,045 | 231,045 | 231,045 | 231,045 | --- |
| | 87 | 241,801 | 255,782 | 234,647 | 230,047 | -25,735 |
| | 88 | 245,251 | 257,154 | 239,445 | 228,000 | -29,154 |
| | 89 | 246,932 | 264,125 | 244,485 | 232,223 | -31,902 |
| | 90 | 259,915 | 271,012 | 249,837 | 236,713 | -34,299 |
| | 91 | 261,370 | 277,660 | 255,457 | 241,439 | -36,221 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL AGENCY (32) | BA86 | 231,045 | 231,045 | 231,045 | 231,045 | --- |
| | 87 | 241,801 | 255,782 | 234,647 | 230,047 | -25,735 |
| | 88 | 245,251 | 257,154 | 239,445 | 228,000 | -29,154 |
| | 89 | 246,932 | 264,125 | 244,485 | 232,223 | -31,902 |
| | 90 | 259,915 | 271,012 | 249,837 | 236,713 | -34,299 |
| | 91 | 261,370 | 277,660 | 255,457 | 241,439 | -36,221 |
| TOTAL SUBFUNCTION (503) | BA86 | 400,807 | 400,807 | 400,807 | 400,807 | --- |
| | 87 | 449,617 | 463,598 | 409,436 | 404,836 | -58,762 |
| | 88 | 454,640 | 466,543 | 416,786 | 405,341 | -61,202 |
| | 89 | 469,231 | 486,424 | 426,505 | 414,243 | -72,181 |
| | 90 | 496,649 | 507,746 | 436,871 | 423,747 | -83,999 |
| | 91 | 514,004 | 530,294 | 447,811 | 433,793 | -96,501 |
| TOTAL FUNCTION (500) | BA86 | 400,807 | 400,807 | 400,807 | 400,807 | --- |
| | 87 | 449,617 | 463,598 | 409,436 | 404,836 | -58,762 |
| | 88 | 454,640 | 466,543 | 416,786 | 405,341 | -61,202 |
| | 89 | 469,231 | 486,424 | 426,505 | 414,243 | -72,181 |
| | 90 | 496,649 | 507,746 | 436,871 | 423,747 | -83,999 |
| | 91 | 514,004 | 530,294 | 447,811 | 433,793 | -96,501 |

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### COMMITTEE ON RULES AND ADMINISTRATION
### TABLE C
### CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| GENERAL GOVERNMENT (800)<br>LEGISLATIVE FUNCTIONS (801)<br>LEGISLATIVE BRANCH (01)<br>SENATE (01-05) | | | | | | |
| 01-05 00-0100-801 | BA86 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| Compensation of Members, Senate | 87 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 88 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 89 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 90 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 91 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| 01-05 00-0101-801 | BA86 | 57 | 57 | 57 | 57 | --- |
| Mileage of the Vice President and Senators | 87 | 60 | 60 | 59 | 59 | -1 |
| | 88 | 60 | 60 | 62 | 62 | 2 |
| | 89 | 60 | 60 | 64 | 64 | 4 |
| | 90 | 60 | 60 | 67 | 67 | 7 |
| | 91 | 60 | 60 | 70 | 70 | 10 |
| 01-05 00-0107-801 | BA86 | 54 | 54 | 54 | 54 | --- |
| Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips | 87 | 56 | 56 | 56 | 56 | --- |
| | 88 | 56 | 56 | 59 | 59 | 3 |
| | 89 | 56 | 56 | 61 | 61 | 5 |
| | 90 | 56 | 56 | 64 | 64 | 8 |
| | 91 | 56 | 56 | 67 | 67 | 11 |
| 01-05 00-0108-801 | BA86 | 19 | 19 | 19 | 19 | --- |
| Representation allowances for the Majority and Minority Leaders | 87 | 20 | 20 | 20 | 20 | --- |
| | 88 | 20 | 20 | 21 | 21 | 1 |
| | 89 | 20 | 20 | 22 | 22 | 2 |
| | 90 | 20 | 20 | 22 | 22 | 2 |
| | 91 | 20 | 20 | 23 | 23 | 3 |
| 01-05 00-0110-801 | BA86 | 163,223 | 163,223 | 163,143 | 163,143 | -80 |
| Salaries, officers and employees | 87 | 175,018 | 175,018 | 163,143 | 163,143 | -11,875 |
| | 88 | 175,018 | 175,018 | 163,143 | 163,143 | -11,875 |
| | 89 | 175,018 | 175,018 | 163,143 | 163,143 | -11,875 |
| | 90 | 175,018 | 175,018 | 163,143 | 163,143 | -11,875 |
| | 91 | 175,018 | 175,018 | 163,143 | 163,143 | -11,875 |

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# COMMITTEE ON RULES AND ADMINISTRATION
## TABLE C
## CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0115-801<br>Payments to widows and heirs of deceased members of Congress | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0123-801<br>Miscellaneous items | BA86 | 9,894 | 9,894 | 9,244 | 9,244 | -650 |
| | 87 | 10,317 | 10,317 | 9,771 | 9,771 | -546 |
| | 88 | 10,317 | 10,317 | 10,344 | 10,344 | 27 |
| | 89 | 10,317 | 10,317 | 10,973 | 10,973 | 656 |
| | 90 | 10,317 | 10,317 | 11,647 | 11,647 | 1,330 |
| | 91 | 10,317 | 10,317 | 12,378 | 12,378 | 2,061 |
| 01-05 00-0126-801<br>Secretary of the Senate | BA86 | 655 | 655 | 655 | 655 | --- |
| | 87 | 699 | 699 | 692 | 692 | -7 |
| | 88 | 699 | 699 | 733 | 733 | 34 |
| | 89 | 699 | 699 | 777 | 777 | 78 |
| | 90 | 699 | 699 | 825 | 825 | 126 |
| | 91 | 699 | 699 | 877 | 877 | 178 |
| 01-05 00-0127-801<br>Sergeant at Arms and Doorkeeper of the Senate | BA86 | 60,924 | 60,924 | 51,824 | 51,824 | -9,100 |
| | 87 | 58,825 | 58,825 | 54,778 | 54,778 | -4,047 |
| | 88 | 58,825 | 58,825 | 57,991 | 57,991 | -834 |
| | 89 | 58,825 | 58,825 | 61,515 | 61,515 | 2,690 |
| | 90 | 58,825 | 58,825 | 65,298 | 65,298 | 6,473 |
| | 91 | 58,825 | 58,825 | 69,392 | 69,392 | 10,567 |
| 01-05 00-0128-801<br>Inquiries and investigations | BA86 | 48,855 | 48,855 | 48,855 | 48,855 | --- |
| | 87 | 52,177 | 52,177 | 49,412 | 49,412 | -2,765 |
| | 88 | 52,177 | 52,177 | 50,018 | 50,018 | -2,159 |
| | 89 | 52,177 | 52,177 | 50,682 | 50,682 | -1,495 |
| | 90 | 52,177 | 52,177 | 51,395 | 51,395 | -782 |
| | 91 | 52,177 | 52,177 | 52,167 | 52,167 | -10 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0129-801<br>Expenses of United States International Narcotics Control Commission | BA86 | 311 | 311 | 311 | 311 | --- |
| | 87 | 325 | 325 | 320 | 320 | -5 |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0140-801<br>Stationery (revolving fund) | BA86 | 11 | 11 | 11 | 11 | --- |
| | 87 | 13 | 13 | 11 | 11 | -2 |
| | 88 | 13 | 13 | 12 | 12 | -1 |
| | 89 | 13 | 13 | 12 | 12 | -1 |
| | 90 | 13 | 13 | 13 | 13 | --- |
| | 91 | 13 | 13 | 13 | 13 | --- |
| 01-05 00-0165-801<br>Automobiles and maintenance | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0171-801<br>Office of Senate Legal Counsel | BA86 | 541 | 541 | 541 | 541 | --- |
| | 87 | 575 | 575 | 562 | 562 | -13 |
| | 88 | 575 | 575 | 587 | 587 | 12 |
| | 89 | 575 | 575 | 613 | 613 | 38 |
| | 90 | 575 | 375 | 639 | 639 | 64 |
| | 91 | 575 | 575 | 667 | 667 | 92 |
| 01-05 00-0172-801<br>Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and for the minority of the Senat | BA86 | 11 | 11 | 11 | 11 | --- |
| | 87 | 12 | 12 | 11 | 11 | -1 |
| | 88 | 12 | 12 | 12 | 12 | --- |
| | 89 | 12 | 12 | 12 | 12 | --- |
| | 90 | 12 | 12 | 13 | 13 | 1 |
| | 91 | 12 | 12 | 13 | 13 | 1 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0173-801<br>Joint Study Panel on Social Security Administration, Senate | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0182-801<br>Senate policy committees | BA86 | 1,864 | 1,864 | 1,864 | 1,864 | --- |
| | 87 | 1,948 | 1,948 | 1,879 | 1,879 | -69 |
| | 88 | 1,948 | 1,948 | 1,895 | 1,895 | -53 |
| | 89 | 1,948 | 1,948 | 1,912 | 1,912 | -36 |
| | 90 | 1,948 | 1,948 | 1,929 | 1,929 | -19 |
| | 91 | 1,948 | 1,948 | 1,947 | 1,947 | -1 |
| 01-05 00-0185-801<br>Office of the Legislative Counsel of the Senate | BA86 | 1,375 | 1,375 | 1,375 | 1,375 | --- |
| | 87 | 1,622 | 1,622 | 1,386 | 1,386 | -236 |
| | 88 | 1,622 | 1,622 | 1,398 | 1,398 | -224 |
| | 89 | 1,622 | 1,622 | 1,410 | 1,410 | -212 |
| | 90 | 1,622 | 1,622 | 1,423 | 1,423 | -199 |
| | 91 | 1,622 | 1,622 | 1,436 | 1,436 | -186 |
| 01-05 00-0188-801<br>Congressional use of foreign currency, Senate | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4021-801<br>Recording studio (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-4022-801<br>Senate restaurant fund (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4046-801<br>Senate computer center (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4047-801<br>Senate barber shops (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-05) | BA86 | 296,770 | 296,770 | 286,940 | 286,940 | -9,830 |
| | 87 | 310,643 | 310,643 | 291,076 | 291,076 | -19,567 |
| | 88 | 310,318 | 310,318 | 295,251 | 295,251 | -15,067 |
| | 89 | 310,318 | 310,318 | 300,172 | 300,172 | -10,146 |
| | 90 | 310,318 | 310,318 | 305,454 | 305,454 | -4,864 |
| | 91 | 310,318 | 310,318 | 311,169 | 311,169 | 851 |
| HOUSE OF REPRESENTATIVES (01-10) | | | | | | |
| 01-10 00-0300-801<br>Compensation of Members and related administrative expenses | BA86 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 87 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 88 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 89 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 90 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 91 | 37,633 | 37,633 | 37,633 | 37,633 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0208-801<br>Mileage of Members | BA86 | 144 | 144 | 144 | 144 | --- |
| | 87 | 210 | 210 | 152 | 152 | -58 |
| | 88 | 210 | 210 | 161 | 161 | -49 |
| | 89 | 210 | 210 | 171 | 171 | -39 |
| | 90 | 210 | 210 | 181 | 181 | -29 |
| | 91 | 210 | 210 | 193 | 193 | -17 |
| 01-10 00-0215-801<br>Payments to widows and heirs of deceased members of Congress | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-0408-801<br>House leadership offices | BA86 | 3,213 | 3,213 | 3,213 | 3,213 | --- |
| | 87 | 3,357 | 3,357 | 3,247 | 3,247 | -110 |
| | 88 | 3,357 | 3,357 | 3,284 | 3,284 | -73 |
| | 89 | 3,357 | 3,357 | 3,324 | 3,324 | -33 |
| | 90 | 3,357 | 3,357 | 3,366 | 3,366 | 9 |
| | 91 | 3,357 | 3,357 | 3,412 | 3,412 | 55 |
| 01-10 00-0410-801<br>Salaries, officers and employees | BA86 | 46,576 | 46,576 | 45,854 | 45,854 | -722 |
| | 87 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 88 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 89 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 90 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 91 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| 01-10 00-0415-801<br>Members' clerk hire | BA86 | 161,591 | 161,591 | 159,591 | 159,591 | -2,000 |
| | 87 | 173,659 | 173,659 | 159,591 | 159,591 | -14,068 |
| | 88 | 173,659 | 173,659 | 159,591 | 159,591 | -14,068 |
| | 89 | 173,659 | 173,659 | 159,591 | 159,591 | -14,068 |
| | 90 | 173,659 | 173,659 | 159,591 | 159,591 | -14,068 |
| | 91 | 173,659 | 173,659 | 159,591 | 159,591 | -14,068 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0416-801<br>Committee employees | BA86 | 42,419 | 42,419 | 42,419 | 42,419 | --- |
| | 87 | 51,135 | 51,135 | 42,419 | 42,419 | -8,716 |
| | 88 | 51,135 | 51,135 | 42,419 | 42,419 | -8,716 |
| | 89 | 51,135 | 51,135 | 42,419 | 42,419 | -8,716 |
| | 90 | 51,135 | 51,135 | 42,419 | 42,419 | -8,716 |
| | 91 | 51,135 | 51,135 | 42,419 | 42,419 | -8,716 |
| 01-10 00-0418-801<br>Committee on Appropriations (Studies and Investigations) | BA86 | 4,081 | 4,081 | 4,081 | 4,081 | --- |
| | 87 | 4,300 | 4,300 | 4,134 | 4,134 | -166 |
| | 88 | 4,300 | 4,300 | 4,181 | 4,181 | -119 |
| | 89 | 4,300 | 4,300 | 4,232 | 4,232 | -68 |
| | 90 | 4,300 | 4,300 | 4,286 | 4,286 | -14 |
| | 91 | 4,300 | 4,300 | 4,345 | 4,345 | 45 |
| 01-10 00-0419-801<br>Committee on the Budget (Studies) | BA86 | 283 | 283 | 283 | 283 | --- |
| | 87 | 329 | 329 | 286 | 286 | -43 |
| | 88 | 329 | 329 | 289 | 289 | -40 |
| | 89 | 329 | 329 | 293 | 293 | -36 |
| | 90 | 329 | 329 | 297 | 297 | -32 |
| | 91 | 329 | 329 | 301 | 301 | -28 |
| 01-10 00-0433-801<br>Special and select committees | BA86 | 44,941 | 44,941 | 44,941 | 44,941 | --- |
| | 87 | 50,211 | 50,211 | 45,417 | 45,417 | -4,794 |
| | 88 | 50,211 | 50,211 | 45,932 | 45,932 | -4,279 |
| | 89 | 50,211 | 50,211 | 46,489 | 46,489 | -3,722 |
| | 90 | 50,211 | 50,211 | 47,087 | 47,087 | -3,124 |
| | 91 | 50,211 | 50,211 | 47,727 | 47,727 | -2,484 |
| 01-10 00-0428-801<br>Allowances and expenses | BA86 | 141,476 | 141,476 | 127,689 | 127,689 | -13,787 |
| | 87 | 150,573 | 150,573 | 132,634 | 132,634 | -17,939 |
| | 88 | 150,573 | 150,573 | 137,977 | 137,977 | -12,596 |
| | 89 | 150,573 | 150,573 | 143,764 | 143,764 | -6,809 |
| | 90 | 150,573 | 150,573 | 149,971 | 149,971 | -602 |
| | 91 | 150,573 | 150,573 | 156,622 | 156,622 | 6,049 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0440-801<br>Stationery (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-0488-801<br>Congressional use of foreign currency, House of Representatives | BA86 | 2,680 | 2,680 | 2,680 | 2,680 | --- |
| | 87 | 3,360 | 3,360 | 2,790 | 2,790 | -570 |
| | 88 | 3,360 | 3,360 | 2,905 | 2,905 | -455 |
| | 89 | 3,360 | 3,360 | 3,023 | 3,023 | -337 |
| | 90 | 3,360 | 3,360 | 3,149 | 3,149 | -211 |
| | 91 | 3,360 | 3,360 | 3,278 | 3,278 | -82 |
| 01-10 00-4003-801<br>House of Representatives restaurant fund (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-4004-801<br>Recording studio (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-4006-801<br>Beauty shop (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-4007-801<br>House barber shops (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-4008-801<br>Office of the attending physician (revolving fund) | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-4011-801<br>Page residence hall and meal plan | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-10) | BA86 | 485,047 | 485,047 | 468,538 | 468,538 | -16,509 |
| | 87 | 523,904 | 523,904 | 474,157 | 474,157 | -49,747 |
| | 88 | 523,904 | 523,904 | 480,226 | 480,226 | -43,678 |
| | 89 | 523,904 | 523,904 | 486,793 | 486,793 | -37,111 |
| | 90 | 523,904 | 523,904 | 493,834 | 493,834 | -30,070 |
| | 91 | 523,904 | 523,904 | 501,375 | 501,375 | -22,529 |
| JOINT ITEMS (01-12) | | | | | | |
| 01-12 00-0170-801<br>Capitol Guide Service | BA86 | 830 | 830 | 830 | 830 | --- |
| | 87 | 934 | 934 | 836 | 836 | -98 |
| | 88 | 934 | 934 | 844 | 844 | -90 |
| | 89 | 934 | 934 | 852 | 852 | -82 |
| | 90 | 934 | 934 | 860 | 860 | -74 |
| | 91 | 934 | 934 | 869 | 869 | -65 |

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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 18

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0180-801 | BA86 | 879 | 879 | 879 | 879 | --- |
| Joint Committee on Printing | 87 | 930 | 930 | 886 | 886 | -44 |
| | 88 | 930 | 930 | 894 | 894 | -36 |
| | 89 | 930 | 930 | 902 | 902 | -28 |
| | 90 | 930 | 930 | 910 | 910 | -20 |
| | 91 | 930 | 930 | 918 | 918 | -12 |
| 01-12 00-0181-801 | BA86 | 2,530 | 2,530 | 2,530 | 2,530 | --- |
| Joint Economic Committee | 87 | 2,836 | 2,836 | 2,551 | 2,551 | -285 |
| | 88 | 2,836 | 2,836 | 2,573 | 2,573 | -263 |
| | 89 | 2,836 | 2,836 | 2,595 | 2,595 | -241 |
| | 90 | 2,836 | 2,836 | 2,619 | 2,619 | -217 |
| | 91 | 2,836 | 2,836 | 2,643 | 2,643 | -193 |
| 01-12 00-0186-801 | BA86 | --- | --- | --- | --- | --- |
| Joint Committee on Inaugural Ceremonies of 1985 | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0199-801 | BA86 | 7 | 7 | --- | --- | -7 |
| Statements of appropriations, Senate | 87 | 13 | 13 | --- | --- | -13 |
| | 88 | 13 | 13 | --- | --- | -13 |
| | 89 | 13 | 13 | --- | --- | -13 |
| | 90 | 13 | 13 | --- | --- | -13 |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0425-801 | BA86 | 1,011 | 1,011 | 1,011 | 1,011 | --- |
| Office of the Attending Physician | 87 | 1,098 | 1,098 | 1,051 | 1,051 | -47 |
| | 88 | 1,098 | 1,098 | 1,093 | 1,093 | -5 |
| | 89 | 1,098 | 1,098 | 1,137 | 1,137 | 39 |
| | 90 | 1,098 | 1,098 | 1,183 | 1,183 | 85 |
| | 91 | 1,098 | 1,098 | 1,230 | 1,230 | 132 |

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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0460-801<br>Joint Committee on Taxation | BA86 | 4,146 | 4,146 | 3,546 | 3,546 | -600 |
| | 87 | 4,357 | 4,357 | 3,584 | 3,584 | -773 |
| | 88 | 4,357 | 4,357 | 3,624 | 3,624 | -733 |
| | 89 | 4,357 | 4,357 | 3,668 | 3,668 | -689 |
| | 90 | 4,357 | 4,357 | 3,715 | 3,715 | -642 |
| | 91 | 4,357 | 4,357 | 3,766 | 3,766 | -591 |
| 01-12 00-0474-801<br>Capitol Police Board | BA86 | 104 | 104 | 104 | 104 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0476-801<br>General expenses, Capitol police | BA86 | 1,279 | 1,279 | 1,279 | 1,279 | --- |
| | 87 | 2,068 | 2,068 | 1,294 | 1,294 | -774 |
| | 88 | 2,068 | 2,068 | 1,309 | 1,309 | -759 |
| | 89 | 2,068 | 2,068 | 1,327 | 1,327 | -741 |
| | 90 | 2,068 | 2,068 | 1,346 | 1,346 | -722 |
| | 91 | 2,068 | 2,068 | 1,366 | 1,366 | -702 |
| 01-12 00-0499-801<br>Statements of appropriations, House of Representatives | BA86 | 7 | 7 | 13 | 13 | 6 |
| | 87 | 7 | 7 | 13 | 13 | 6 |
| | 88 | 7 | 7 | 14 | 14 | 7 |
| | 89 | 7 | 7 | 14 | 14 | 7 |
| | 90 | 7 | 7 | 14 | 14 | 7 |
| | 91 | 7 | 7 | 15 | 15 | 8 |
| 01-12 00-0820-801<br>Education of pages | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0825-801<br>Official mail costs | BA86 | 139,700 | 139,700 | 139,700 | 139,700 | --- |
| | 87 | 138,818 | 138,818 | 99,000 | 99,000 | -39,818 |
| | 88 | 154,106 | 154,106 | 160,000 | 160,000 | 5,894 |
| | 89 | 103,714 | 103,714 | 115,000 | 115,000 | 11,286 |
| | 90 | 166,641 | 166,641 | 192,000 | 192,000 | 25,359 |
| | 91 | 111,217 | 111,217 | 130,000 | 130,000 | 18,783 |
| TOTAL BUREAU (01-12) | BA86 | 150,493 | 150,493 | 149,892 | 149,892 | -601 |
| | 87 | 151,061 | 151,061 | 109,215 | 109,215 | -41,846 |
| | 88 | 166,349 | 166,349 | 170,351 | 170,351 | 4,002 |
| | 89 | 115,957 | 115,957 | 125,495 | 125,495 | 9,538 |
| | 90 | 178,884 | 178,884 | 202,647 | 202,647 | 23,763 |
| | 91 | 123,447 | 123,447 | 140,807 | 140,807 | 17,360 |
| CONGRESSIONAL BUDGET OFFICE (01-14) | | | | | | |
| 01-14 08-0100-801<br>Salaries and expenses, CONGRESSIONAL BUDGET OFFICE | BA86 | 16,160 | 16,160 | 16,160 | 16,160 | --- |
| | 87 | 18,550 | 18,550 | 16,611 | 16,611 | -1,939 |
| | 88 | 18,915 | 18,915 | 17,102 | 17,102 | -1,813 |
| | 89 | 19,305 | 19,305 | 17,641 | 17,641 | -1,664 |
| | 90 | 19,712 | 19,712 | 18,219 | 18,219 | -1,493 |
| | 91 | 20,136 | 20,136 | 18,844 | 18,844 | -1,292 |
| TOTAL BUREAU (01-14) | BA86 | 16,160 | 16,160 | 16,160 | 16,160 | --- |
| | 87 | 18,550 | 18,550 | 16,611 | 16,611 | -1,939 |
| | 88 | 18,915 | 18,915 | 17,102 | 17,102 | -1,813 |
| | 89 | 19,305 | 19,305 | 17,641 | 17,641 | -1,664 |
| | 90 | 19,712 | 19,712 | 18,219 | 18,219 | -1,493 |
| | 91 | 20,136 | 20,136 | 18,844 | 18,844 | -1,292 |
| ARCHITECT OF THE CAPITOL (01-15) | | | | | | |
| 01-15 01-0100-801<br>Office of the Architect of the Capitol: Salaries | BA86 | 5,184 | 5,184 | 5,184 | 5,184 | --- |
| | 87 | 5,606 | 5,606 | 5,184 | 5,184 | -422 |
| | 88 | 5,606 | 5,606 | 5,184 | 5,184 | -422 |
| | 89 | 5,606 | 5,606 | 5,184 | 5,184 | -422 |
| | 90 | 5,606 | 5,606 | 5,184 | 5,184 | -422 |
| | 91 | 5,606 | 5,606 | 5,184 | 5,184 | -422 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-15 01-0102-801<br>Contingent expenses | BA86 | 96 | 96 | 96 | 96 | --- |
| | 87 | 235 | 235 | 101 | 101 | -134 |
| | 88 | 235 | 235 | 107 | 107 | -128 |
| | 89 | 235 | 235 | 114 | 114 | -121 |
| | 90 | 235 | 235 | 121 | 121 | -114 |
| | 91 | 235 | 235 | 129 | 129 | -106 |
| 01-15 01-0104-801<br>Acquisition of property as an addition to the Capitol grounds | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0105-801<br>Capitol buildings | BA86 | 18,516 | 18,516 | 10,516 | 10,516 | -8,000 |
| | 87 | 14,085 | 14,085 | 10,726 | 10,726 | -3,359 |
| | 88 | 14,393 | 14,393 | 10,954 | 10,954 | -3,439 |
| | 89 | 14,716 | 14,716 | 11,204 | 11,204 | -3,512 |
| | 90 | 15,056 | 15,056 | 11,473 | 11,473 | -3,583 |
| | 91 | 15,412 | 15,412 | 11,764 | 11,764 | -3,648 |
| 01-15 01-0106-801<br>Alterations and improvements, buildings and grounds, to provide facilities for the physically handicapped | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0108-801<br>Capitol grounds | BA86 | 11,034 | 11,034 | 3,359 | 3,359 | -7,675 |
| | 87 | 3,317 | 3,317 | 3,473 | 3,473 | 156 |
| | 88 | 3,354 | 3,354 | 3,596 | 3,596 | 242 |
| | 89 | 3,394 | 3,394 | 3,732 | 3,732 | 338 |
| | 90 | 3,434 | 3,434 | 3,877 | 3,877 | 443 |
| | 91 | 3,478 | 3,478 | 4,034 | 4,034 | 556 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-15 01-0109-801<br>West central front of the Capitol | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0110-801<br>Congressional cemetery | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0119-801<br>Master plan for future development of the Capitol grounds and related areas | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0122-801<br>Construction of an extension to the New Senate Office Building | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0123-801<br>Senate office buildings | BA86 | 18,876 | 18,876 | 18,876 | 18,876 | --- |
| | 87 | 25,373 | 25,373 | 19,328 | 19,328 | -6,045 |
| | 88 | 25,853 | 25,853 | 19,819 | 19,819 | -6,034 |
| | 89 | 26,358 | 26,358 | 20,359 | 20,359 | -5,999 |
| | 90 | 26,887 | 26,887 | 20,937 | 20,937 | -5,950 |
| | 91 | 27,444 | 27,444 | 21,564 | 21,564 | -5,880 |

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COMMITTEE ON RULES AND ADMINISTRATION
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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-15 01-0127-801<br>House office buildings | BA86 | 21,138 | 21,138 | 21,138 | 21,138 | --- |
| | 87 | 27,336 | 27,336 | 21,367 | 21,367 | -5,969 |
| | 88 | 27,729 | 27,729 | 21,616 | 21,616 | -6,113 |
| | 89 | 28,142 | 28,142 | 21,889 | 21,889 | -6,253 |
| | 90 | 28,575 | 28,575 | 22,182 | 22,182 | -6,393 |
| | 91 | 29,031 | 29,031 | 22,499 | 22,499 | -6,532 |
| 01-15 01-0128-801<br>Acquisition of property, construction, and equipment, additional House Office Building | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0129-801<br>Installation of solar collectors in House office buildings | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0133-801<br>Capitol Power Plant | BA86 | 24,485 | 24,485 | 22,485 | 22,485 | -2,000 |
| | 87 | 26,414 | 26,414 | 23,547 | 23,547 | -2,867 |
| | 88 | 27,582 | 27,582 | 24,693 | 24,693 | -2,889 |
| | 89 | 28,808 | 28,808 | 25,935 | 25,935 | -2,873 |
| | 90 | 30,095 | 30,095 | 27,268 | 27,268 | -2,827 |
| | 91 | 31,446 | 31,446 | 28,695 | 28,695 | -2,751 |
| 01-15 01-0135-801<br>Expansion of facilities, Capitol Power Plant | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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|---|---|---|---|---|---|---|
| 01-15 01-0136-801<br>Modifications and enlargement, Capitol Power Plant | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0155-801<br>Structural and mechanical care, Library buildings and grounds | BA86 | 5,536 | 5,536 | 5,536 | 5,536 | --- |
| | 87 | 7,188 | 7,188 | 5,610 | 5,610 | -1,578 |
| | 88 | 7,304 | 7,304 | 5,690 | 5,690 | -1,614 |
| | 89 | 7,425 | 7,425 | 5,776 | 5,776 | -1,649 |
| | 90 | 7,552 | 7,552 | 5,868 | 5,868 | -1,684 |
| | 91 | 7,687 | 7,687 | 5,966 | 5,966 | -1,721 |
| 01-15 01-0158-801<br>Library of Congress James Madison Memorial Building | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-15) | BA86 | 104,865 | 104,865 | 87,190 | 87,190 | -17,675 |
| | 87 | 109,554 | 109,554 | 89,336 | 89,336 | -20,218 |
| | 88 | 112,056 | 112,056 | 91,659 | 91,659 | -20,397 |
| | 89 | 114,684 | 114,684 | 94,193 | 94,193 | -20,491 |
| | 90 | 117,440 | 117,440 | 96,910 | 96,910 | -20,530 |
| | 91 | 120,339 | 120,339 | 99,835 | 99,835 | -20,504 |
| LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0127-801<br>Congressional Research Service: Salaries and expenses | BA86 | 37,288 | 37,288 | 37,288 | 37,288 | --- |
| | 87 | 44,010 | 44,010 | 37,671 | 37,671 | -6,339 |
| | 88 | 45,800 | 45,800 | 38,087 | 38,087 | -7,713 |
| | 89 | 49,000 | 49,000 | 38,543 | 38,543 | -10,457 |
| | 90 | 52,400 | 52,400 | 39,033 | 39,033 | -13,367 |
| | 91 | 56,100 | 56,100 | 39,563 | 39,563 | -16,537 |

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COMMITTEE ON RULES AND ADMINISTRATION
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BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL BUREAU (01-25) | BA86 | 37,288 | 37,288 | 37,288 | 37,288 | --- |
| | 87 | 44,010 | 44,010 | 37,671 | 37,671 | -6,339 |
| | 88 | 45,800 | 45,800 | 38,087 | 38,087 | -7,713 |
| | 89 | 49,000 | 49,000 | 38,543 | 38,543 | -10,457 |
| | 90 | 52,400 | 52,400 | 39,033 | 39,033 | -13,367 |
| | 91 | 56,100 | 56,100 | 39,563 | 39,563 | -16,537 |
| GOVERNMENT PRINTING OFFICE (01-30) | | | | | | |
| 01-30 04-0202-801<br>Printing and binding | BA86 | 11,058 | 11,058 | 11,058 | 11,058 | --- |
| | 87 | 15,400 | 15,400 | 11,688 | 11,688 | -3,712 |
| | 88 | 16,016 | 16,016 | 12,374 | 12,374 | -3,642 |
| | 89 | 16,609 | 16,609 | 13,126 | 13,126 | -3,483 |
| | 90 | 17,173 | 17,173 | 13,933 | 13,933 | -3,240 |
| | 91 | 17,706 | 17,706 | 14,807 | 14,807 | -2,899 |
| 01-30 04-0203-801<br>Congressional printing and binding | BA86 | 66,421 | 66,421 | 66,421 | 66,421 | --- |
| | 87 | 71,500 | 71,500 | 70,207 | 70,207 | -1,293 |
| | 88 | 74,360 | 74,360 | 74,325 | 74,325 | -35 |
| | 89 | 77,111 | 77,111 | 78,842 | 78,842 | 1,731 |
| | 90 | 79,733 | 79,733 | 83,690 | 83,690 | 3,957 |
| | 91 | 82,204 | 82,204 | 88,938 | 88,938 | 6,734 |
| TOTAL BUREAU (01-30) | BA86 | 77,479 | 77,479 | 77,479 | 77,479 | --- |
| | 87 | 86,900 | 86,900 | 81,895 | 81,895 | -5,005 |
| | 88 | 90,376 | 90,376 | 86,699 | 86,699 | -3,677 |
| | 89 | 93,720 | 93,720 | 91,968 | 91,968 | -1,752 |
| | 90 | 96,906 | 96,906 | 97,623 | 97,623 | 717 |
| | 91 | 99,910 | 99,910 | 103,745 | 103,745 | 3,835 |
| OTHER LEGISLATIVE BRANCH AGENCIES (01-45) | | | | | | |
| 01-45 09-0200-801<br>Botanic Garden: Salaries and expenses | BA86 | 2,094 | 2,094 | 2,094 | 2,094 | --- |
| | 87 | 2,291 | 2,291 | 2,103 | 2,103 | -188 |
| | 88 | 2,308 | 2,308 | 2,112 | 2,112 | -196 |
| | 89 | 2,326 | 2,326 | 2,122 | 2,122 | -204 |
| | 90 | 2,344 | 2,344 | 2,132 | 2,132 | -212 |
| | 91 | 2,364 | 2,364 | 2,143 | 2,143 | -221 |

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TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 26

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-45 09-0700-801<br>Office of Technology Assessment: Salaries and expenses | BA86 | 14,642 | 14,642 | 14,642 | 14,642 | --- |
| | 87 | 17,700 | 17,700 | 15,134 | 15,134 | -2,566 |
| | 88 | 18,443 | 18,443 | 15,670 | 15,670 | -2,773 |
| | 89 | 19,181 | 19,181 | 16,257 | 16,257 | -2,924 |
| | 90 | 19,891 | 19,891 | 16,888 | 16,888 | -3,003 |
| | 91 | 20,567 | 20,567 | 17,571 | 17,571 | -2,996 |
| 01-45 09-8094-801<br>Office of Technology Assessment: Contributions and donations | BA86 | 3 | 3 | 3 | 3 | --- |
| | 87 | 3 | 3 | 3 | 3 | --- |
| | 88 | 3 | 3 | 3 | 3 | --- |
| | 89 | 3 | 3 | 3 | 3 | --- |
| | 90 | 3 | 3 | 4 | 4 | 1 |
| | 91 | 3 | 3 | 4 | 4 | 1 |
| TOTAL BUREAU (01-45) | BA86 | 16,739 | 16,739 | 16,739 | 16,739 | --- |
| | 87 | 19,994 | 19,994 | 17,240 | 17,240 | -2,754 |
| | 88 | 20,754 | 20,754 | 17,785 | 17,785 | -2,969 |
| | 89 | 21,510 | 21,510 | 18,382 | 18,382 | -3,128 |
| | 90 | 22,238 | 22,238 | 19,024 | 19,024 | -3,214 |
| | 91 | 22,934 | 22,934 | 19,718 | 19,718 | -3,216 |
| TOTAL AGENCY (01) | BA86 | 1,184,841 | 1,184,841 | 1,140,226 | 1,140,226 | -44,615 |
| | 87 | 1,264,616 | 1,264,616 | 1,117,201 | 1,117,201 | -147,415 |
| | 88 | 1,288,472 | 1,288,472 | 1,197,160 | 1,197,160 | -91,312 |
| | 89 | 1,248,398 | 1,248,398 | 1,173,187 | 1,173,187 | -75,211 |
| | 90 | 1,321,802 | 1,321,802 | 1,272,744 | 1,272,744 | -49,058 |
| | 91 | 1,277,088 | 1,277,088 | 1,235,056 | 1,235,056 | -42,032 |
| TOTAL SUBFUNCTION (801) | BA86 | 1,184,841 | 1,184,841 | 1,140,226 | 1,140,226 | -44,615 |
| | 87 | 1,264,616 | 1,264,616 | 1,117,201 | 1,117,201 | -147,415 |
| | 88 | 1,288,472 | 1,288,472 | 1,197,160 | 1,197,160 | -91,312 |
| | 89 | 1,248,398 | 1,248,398 | 1,173,187 | 1,173,187 | -75,211 |
| | 90 | 1,321,802 | 1,321,802 | 1,272,744 | 1,272,744 | -49,058 |
| | 91 | 1,277,088 | 1,277,088 | 1,235,056 | 1,235,056 | -42,032 |
| OTHER GENERAL GOVERNMENT (806)<br>LEGISLATIVE BRANCH (01)<br>GOVERNMENT PRINTING OFFICE (01-30) | | | | | | |

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(IN THOUSANDS OF DOLLARS)

PAGE C 27

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-30 04-0201-806<br>Office of Superintendent of Documents:<br>Salaries and expenses | BA86 | 21,993 | 21,993 | 21,993 | 21,993 | --- |
| | 87 | 27,835 | 27,835 | 22,841 | 22,841 | -4,994 |
| | 88 | 28,948 | 28,948 | 23,747 | 23,747 | -5,201 |
| | 89 | 30,019 | 30,019 | 24,704 | 24,704 | -5,315 |
| | 90 | 31,040 | 31,040 | 25,729 | 25,729 | -5,311 |
| | 91 | 32,002 | 32,002 | 26,806 | 26,806 | -5,196 |
| 01-30 04-4505-806<br>Government Printing Office revolving fund | BA86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-30) | BA86 | 21,993 | 21,993 | 21,993 | 21,993 | --- |
| | 87 | 27,835 | 27,835 | 22,841 | 22,841 | -4,994 |
| | 88 | 28,948 | 28,948 | 23,747 | 23,747 | -5,201 |
| | 89 | 30,019 | 30,019 | 24,704 | 24,704 | -5,315 |
| | 90 | 31,040 | 31,040 | 25,729 | 25,729 | -5,311 |
| | 91 | 32,002 | 32,002 | 26,806 | 26,806 | -5,196 |
| TOTAL AGENCY (01) | BA86 | 21,993 | 21,993 | 21,993 | 21,993 | --- |
| | 87 | 27,835 | 27,835 | 22,841 | 22,841 | -4,994 |
| | 88 | 28,948 | 28,948 | 23,747 | 23,747 | -5,201 |
| | 89 | 30,019 | 30,019 | 24,704 | 24,704 | -5,315 |
| | 90 | 31,040 | 31,040 | 25,729 | 25,729 | -5,311 |
| | 91 | 32,002 | 32,002 | 26,806 | 26,806 | -5,196 |
| DEPARTMENT OF THE TREASURY (15)<br>DEPARTMENTAL OFFICES (15-05) | | | | | | |
| 15-05 20-5081-806<br>Presidential election campaign fund | BA86 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 87 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 88 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 89 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 90 | 39,000 | 39,000 | 39,000 | 39,000 | --- |
| | 91 | 39,000 | 39,000 | 39,000 | 39,000 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL BUREAU (15-05) | BA86 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 87 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 88 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 89 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 90 | 39,000 | 39,000 | 39,000 | 39,000 | --- |
| | 91 | 39,000 | 39,000 | 39,000 | 39,000 | --- |
| TOTAL AGENCY (15) | BA86 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 87 | 37,000 | 37,000 | 37,000 | 37,000 | --- |
| | 88 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 89 | 38,000 | 38,000 | 38,000 | 38,000 | --- |
| | 90 | 39,000 | 39,000 | 39,000 | 39,000 | --- |
| | 91 | 39,000 | 39,000 | 39,000 | 39,000 | --- |
| OTHER INDEPENDENT AGENCIES (30)<br>FEDERAL ELECTION COMMISSION (30-65) | | | | | | |
| 30-65 95-1600-806<br>Salaries and expenses, FEDERAL ELECTION COMMISSION | BA86 | 11,898 | 11,898 | 11,898 | 11,898 | --- |
| | 87 | 11,912 | 12,800 | 12,101 | 12,101 | -699 |
| | 88 | 11,995 | 12,911 | 12,323 | 12,323 | -588 |
| | 89 | 12,075 | 13,018 | 12,565 | 12,565 | -453 |
| | 90 | 12,141 | 13,120 | 12,826 | 12,826 | -294 |
| | 91 | 12,193 | 13,216 | 13,108 | 13,108 | -108 |
| TOTAL BUREAU (30-65) | BA86 | 11,898 | 11,898 | 11,898 | 11,898 | --- |
| | 87 | 11,912 | 12,800 | 12,101 | 12,101 | -699 |
| | 88 | 11,995 | 12,911 | 12,323 | 12,323 | -588 |
| | 89 | 12,075 | 13,018 | 12,565 | 12,565 | -453 |
| | 90 | 12,141 | 13,120 | 12,826 | 12,826 | -294 |
| | 91 | 12,193 | 13,216 | 13,108 | 13,108 | -108 |
| TOTAL AGENCY (30) | BA86 | 11,898 | 11,898 | 11,898 | 11,898 | --- |
| | 87 | 11,912 | 12,800 | 12,101 | 12,101 | -699 |
| | 88 | 11,995 | 12,911 | 12,323 | 12,323 | -588 |
| | 89 | 12,075 | 13,018 | 12,565 | 12,565 | -453 |
| | 90 | 12,141 | 13,120 | 12,826 | 12,826 | -294 |
| | 91 | 12,193 | 13,216 | 13,108 | 13,108 | -108 |
| OTHER INDEPENDENT AGENCIES (31)<br>FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION(31-05) | | | | | | |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT. | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 31-05 76-0700-806<br>Salaries and expenses, FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION | BA86 | 20 | 20 | 20 | 20 | --- |
| | 87 | 22 | --- | 21 | --- | --- |
| | 88 | 23 | --- | 22 | --- | --- |
| | 89 | 24 | --- | 24 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 27 | --- | --- |
| TOTAL BUREAU (31-05) | BA86 | 20 | 20 | 20 | 20 | --- |
| | 87 | 22 | --- | 21 | --- | --- |
| | 88 | 23 | --- | 22 | --- | --- |
| | 89 | 24 | --- | 24 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 27 | --- | --- |
| TOTAL AGENCY (31) | BA86 | 20 | 20 | 20 | 20 | --- |
| | 87 | 22 | --- | 21 | --- | --- |
| | 88 | 23 | --- | 22 | --- | --- |
| | 89 | 24 | --- | 24 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 27 | --- | --- |
| TOTAL SUBFUNCTION (806) | BA86 | 70,911 | 70,911 | 70,911 | 70,911 | --- |
| | 87 | 76,769 | 77,635 | 71,963 | 71,942 | -5,693 |
| | 88 | 78,966 | 79,859 | 74,092 | 74,070 | -5,789 |
| | 89 | 80,118 | 81,037 | 75,293 | 75,269 | -5,768 |
| | 90 | 82,206 | 83,160 | 77,580 | 77,555 | -5,605 |
| | 91 | 83,221 | 84,218 | 78,941 | 78,914 | -5,304 |
| TOTAL FUNCTION (800) | BA86 | 1,255,752 | 1,255,752 | 1,211,137 | 1,211,137 | -44,615 |
| | 87 | 1,341,385 | 1,342,251 | 1,189,164 | 1,189,143 | -153,108 |
| | 88 | 1,367,438 | 1,368,331 | 1,271,252 | 1,271,230 | -97,101 |
| | 89 | 1,328,516 | 1,329,435 | 1,248,480 | 1,248,456 | -80,979 |
| | 90 | 1,404,008 | 1,404,962 | 1,350,324 | 1,350,299 | -54,663 |
| | 91 | 1,360,309 | 1,361,306 | 1,313,997 | 1,313,970 | -47,336 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE C
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
BUDGET AUTHORITY
(IN THOUSANDS OF DOLLARS)

PAGE C 30

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| GRAND TOTAL | BA86 | 1,777,336 | 1,777,336 | 1,732,721 | 1,732,721 | -44,615 |
| | 87 | 1,912,384 | 1,927,247 | 1,730,485 | 1,725,864 | -201,383 |
| | 88 | 1,945,241 | 1,958,053 | 1,832,140 | 1,820,673 | -137,380 |
| | 89 | 1,921,817 | 1,939,945 | 1,832,525 | 1,820,239 | -119,706 |
| | 90 | 2,025,735 | 2,037,802 | 1,959,513 | 1,946,364 | -91,438 |
| | 91 | 2,000,398 | 2,017,701 | 1,950,380 | 1,936,335 | -81,366 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| COMMERCE AND HOUSING CREDIT (370)<br>OTHER ADVANCEMENT OF COMMERCE (376)<br>LEGISLATIVE BRANCH (01)<br>LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0102-376<br>Copyright Office: Salaries and expenses | OL86 | 10,193 | 10,193 | 10,423 | 10,423 | 230 |
| | 87 | 10,882 | 10,882 | 10,505 | 10,505 | -377 |
| | 88 | 12,700 | 12,700 | 10,615 | 10,615 | -2,085 |
| | 89 | 13,700 | 13,700 | 10,734 | 10,734 | -2,966 |
| | 90 | 14,600 | 14,600 | 10,862 | 10,862 | -3,738 |
| | 91 | 15,600 | 15,600 | 11,001 | 11,001 | -4,599 |
| 01-25 03-5175-376<br>Payments to copyright owners | OL86 | 203,179 | 203,179 | 90,000 | 90,000 | -113,179 |
| | 87 | 110,000 | 110,000 | 110,000 | 110,000 | --- |
| | 88 | 110,000 | 110,000 | 121,000 | 121,000 | 11,000 |
| | 89 | 110,000 | 110,000 | 133,100 | 133,100 | 23,100 |
| | 90 | 110,000 | 110,000 | 146,410 | 146,410 | 36,410 |
| | 91 | 110,000 | 110,000 | 161,051 | 161,051 | 51,051 |
| TOTAL BUREAU (01-25) | OL86 | 213,372 | 213,372 | 100,423 | 100,423 | -112,949 |
| | 87 | 120,882 | 120,882 | 120,505 | 120,505 | -377 |
| | 88 | 122,700 | 122,700 | 131,615 | 131,615 | 8,915 |
| | 89 | 123,700 | 123,700 | 143,834 | 143,834 | 20,134 |
| | 90 | 124,600 | 124,600 | 157,272 | 157,272 | 32,672 |
| | 91 | 125,600 | 125,600 | 172,052 | 172,052 | 46,452 |
| TOTAL AGENCY (01) | OL86 | 213,372 | 213,372 | 100,423 | 100,423 | -112,949 |
| | 87 | 120,882 | 120,882 | 120,505 | 120,505 | -377 |
| | 88 | 122,700 | 122,700 | 131,615 | 131,615 | 8,915 |
| | 89 | 123,700 | 123,700 | 143,834 | 143,834 | 20,134 |
| | 90 | 124,600 | 124,600 | 157,272 | 157,272 | 32,672 |
| | 91 | 125,600 | 125,600 | 172,052 | 172,052 | 46,452 |
| TOTAL SUBFUNCTION (376) | OL86 | 213,372 | 213,372 | 100,423 | 100,423 | -112,949 |
| | 87 | 120,882 | 120,882 | 120,505 | 120,505 | -377 |
| | 88 | 122,700 | 122,700 | 131,615 | 131,615 | 8,915 |
| | 89 | 123,700 | 123,700 | 143,834 | 143,834 | 20,134 |
| | 90 | 124,600 | 124,600 | 157,272 | 157,272 | 32,672 |
| | 91 | 125,600 | 125,600 | 172,052 | 172,052 | 46,452 |

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TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL FUNCTION (370) | OL86 | 213,372 | 213,372 | 100,423 | 100,423 | -112,949 |
| | 87 | 120,882 | 120,882 | 120,505 | 120,505 | -377 |
| | 88 | 122,700 | 122,700 | 131,615 | 131,615 | 8,915 |
| | 89 | 123,700 | 123,700 | 143,834 | 143,834 | 20,134 |
| | 90 | 124,600 | 124,600 | 157,272 | 157,272 | 32,672 |
| | 91 | 125,600 | 125,600 | 172,052 | 172,052 | 46,452 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 3

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| COMMUNITY AND REGIONAL DEVELOPMENT (450)<br>COMMUNITY DEVELOPMENT (451)<br>OTHER INDEPENDENT AGENCIES (30)<br>COMMISSION OF FINE ARTS (30-32) | | | | | | |
| 30-32 95-2600-451 Salaries and expenses, COMMISSION OF FINE ARTS | OL86 | 365 | 365 | 364 | 364 | -1 |
| | 87 | 404 | 419 | 370 | 370 | -49 |
| | 88 | 363 | 379 | 377 | 377 | -2 |
| | 89 | 370 | 386 | 385 | 385 | -1 |
| | 90 | 378 | 394 | 393 | 393 | -1 |
| | 91 | 385 | 401 | 402 | 402 | 1 |
| TOTAL BUREAU (30-32) | OL86 | 365 | 365 | 364 | 364 | -1 |
| | 87 | 404 | 419 | 370 | 370 | -49 |
| | 88 | 363 | 379 | 377 | 377 | -2 |
| | 89 | 370 | 386 | 385 | 385 | -1 |
| | 90 | 378 | 394 | 393 | 393 | -1 |
| | 91 | 385 | 401 | 402 | 402 | 1 |
| TOTAL AGENCY (30) | OL86 | 365 | 365 | 364 | 364 | -1 |
| | 87 | 404 | 419 | 370 | 370 | -49 |
| | 88 | 363 | 379 | 377 | 377 | -2 |
| | 89 | 370 | 386 | 385 | 385 | -1 |
| | 90 | 378 | 394 | 393 | 393 | -1 |
| | 91 | 385 | 401 | 402 | 402 | 1 |
| TOTAL SUBFUNCTION (451) | OL86 | 365 | 365 | 364 | 364 | -1 |
| | 87 | 404 | 419 | 370 | 370 | -49 |
| | 88 | 363 | 379 | 377 | 377 | -2 |
| | 89 | 370 | 386 | 385 | 385 | -1 |
| | 90 | 378 | 394 | 393 | 393 | -1 |
| | 91 | 385 | 401 | 402 | 402 | 1 |
| TOTAL FUNCTION (450) | OL86 | 365 | 365 | 364 | 364 | -1 |
| | 87 | 404 | 419 | 370 | 370 | -49 |
| | 88 | 363 | 379 | 377 | 377 | -2 |
| | 89 | 370 | 386 | 385 | 385 | -1 |
| | 90 | 378 | 394 | 393 | 393 | -1 |
| | 91 | 385 | 401 | 402 | 402 | 1 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 4

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SE(500)<br>RESEARCH AND GENERAL EDUCATION AIDS (503)<br>LEGISLATIVE BRANCH (01)<br>LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0101-503<br>Salaries and expenses, LIBRARY OF CONGRESS | OL86 | 132,849 | 132,849 | 132,849 | 132,849 | --- |
| | 87 | 143,455 | 143,455 | 132,705 | 132,705 | -10,750 |
| | 88 | 154,200 | 154,200 | 133,062 | 133,062 | -21,138 |
| | 89 | 165,100 | 165,100 | 136,167 | 136,167 | -28,933 |
| | 90 | 176,500 | 176,500 | 139,502 | 139,502 | -36,998 |
| | 91 | 188,900 | 188,900 | 143,086 | 143,086 | -45,814 |
| 01-25 03-0141-503<br>Books for the blind and physically handicapped: Salaries and expenses | OL86 | 36,965 | 36,965 | 36,965 | 36,965 | --- |
| | 87 | 32,592 | 32,592 | 30,485 | 30,485 | -2,107 |
| | 88 | 40,600 | 40,600 | 34,213 | 34,213 | -6,387 |
| | 89 | 43,300 | 43,300 | 35,640 | 35,640 | -7,660 |
| | 90 | 46,400 | 46,400 | 37,139 | 37,139 | -9,261 |
| | 91 | 49,600 | 49,600 | 38,722 | 38,722 | -10,878 |
| 01-25 03-0144-503<br>Collection and distribution of library materials (special foreign currency program) | OL86 | 2,465 | 2,465 | 2,465 | 2,465 | --- |
| | 87 | 835 | 835 | 835 | 835 | --- |
| | 88 | 724 | 724 | 826 | 826 | 102 |
| | 89 | 111 | 111 | 858 | 858 | 747 |
| | 90 | --- | --- | 892 | 892 | 892 |
| | 91 | --- | --- | 929 | 929 | 929 |
| 01-25 03-0146-503<br>Furniture and furnishings | OL86 | 1,387 | 1,387 | 1,387 | 1,387 | --- |
| | 87 | 3,111 | 3,111 | 688 | 688 | -2,423 |
| | 88 | 6,612 | 6,612 | 894 | 894 | -5,718 |
| | 89 | 6,653 | 6,653 | 931 | 931 | -5,722 |
| | 90 | 4,821 | 4,821 | 968 | 968 | -3,853 |
| | 91 | 1,600 | 1,600 | 1,009 | 1,009 | -591 |
| 01-25 03-5075-503<br>Oliver Wendell Holmes devise fund | OL86 | 26 | 26 | 26 | 26 | --- |
| | 87 | 7 | 7 | 7 | 7 | --- |
| | 88 | 10 | 10 | 10 | 10 | --- |
| | 89 | 10 | 10 | 10 | 10 | --- |
| | 90 | 10 | 10 | 10 | 10 | --- |
| | 91 | 10 | 10 | 10 | 10 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 5

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-25 03-9971-503<br>Gift and trust fund accounts | OL86 | 7,803 | 7,803 | 7,803 | 7,803 | --- |
| | 87 | 9,163 | 9,163 | 9,163 | 9,163 | --- |
| | 88 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 89 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 90 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| | 91 | 6,927 | 6,927 | 6,927 | 6,927 | --- |
| TOTAL BUREAU (01-25) | OL86 | 181,495 | 181,495 | 181,495 | 181,495 | --- |
| | 87 | 189,163 | 189,163 | 173,883 | 173,883 | -15,280 |
| | 88 | 209,073 | 209,073 | 175,932 | 175,932 | -33,141 |
| | 89 | 222,101 | 222,101 | 180,533 | 180,533 | -41,568 |
| | 90 | 234,658 | 234,658 | 185,438 | 185,438 | -49,220 |
| | 91 | 247,037 | 247,037 | 190,683 | 190,683 | -56,354 |
| TOTAL AGENCY (01) | OL86 | 181,495 | 181,495 | 181,495 | 181,495 | --- |
| | 87 | 189,163 | 189,163 | 173,883 | 173,883 | -15,280 |
| | 88 | 209,073 | 209,073 | 175,932 | 175,932 | -33,141 |
| | 89 | 222,101 | 222,101 | 180,533 | 180,533 | -41,568 |
| | 90 | 234,658 | 234,658 | 185,438 | 185,438 | -49,220 |
| | 91 | 247,037 | 247,037 | 190,683 | 190,683 | -56,354 |
| OTHER INDEPENDENT AGENCIES (32)<br>SMITHSONIAN INSTITUTION (32-50) | | | | | | |
| 32-50 33-0100-503<br>Salaries and expenses, SMITHSONIAN INSTITUTION | OL86 | 168,440 | 168,440 | 168,440 | 168,440 | --- |
| | 87 | 180,589 | 187,425 | 171,175 | 171,175 | -16,250 |
| | 88 | 188,389 | 195,712 | 174,312 | 174,312 | -21,400 |
| | 89 | 188,889 | 201,314 | 177,227 | 177,227 | -24,087 |
| | 90 | 200,389 | 206,916 | 180,357 | 180,357 | -26,559 |
| | 91 | 200,889 | 212,368 | 183,711 | 183,711 | -28,657 |
| 32-50 33-0102-503<br>Museum programs and related research (special foreign currency program) | OL86 | 4,885 | 4,885 | 4,885 | 4,885 | --- |
| | 87 | 1,650 | 1,650 | 4,689 | 1,650 | --- |
| | 88 | 1,593 | 1,643 | 2,803 | 1,643 | --- |
| | 89 | 1,593 | --- | 2,583 | --- | --- |
| | 90 | 1,593 | --- | 2,738 | --- | --- |
| | 91 | 1,593 | --- | 2,903 | --- | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 6

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 32-50 33-0129-503<br>Construction and improvements, National Zoological Park | OL86 | 4,654 | 4,654 | 4,654 | 4,654 | --- |
| | 87 | 4,613 | 4,738 | 5,228 | 4,738 | --- |
| | 88 | 4,763 | 4,750 | 6,125 | 4,750 | --- |
| | 89 | 4,963 | 4,800 | 5,971 | 4,800 | --- |
| | 90 | 5,263 | 4,800 | 6,246 | 4,800 | --- |
| | 91 | 5,463 | 4,800 | 6,533 | 4,800 | --- |
| 32-50 33-0132-503<br>Restoration and renovation of buildings | OL86 | 9,444 | 9,444 | 9,444 | 9,444 | --- |
| | 87 | 9,309 | 11,800 | 11,020 | 11,020 | -780 |
| | 88 | 9,527 | 15,778 | 11,753 | 11,753 | -4,025 |
| | 89 | 10,027 | 16,666 | 11,856 | 11,866 | -4,800 |
| | 90 | 10,527 | 17,431 | 12,171 | 12,171 | -5,260 |
| | 91 | 10,927 | 18,127 | 12,691 | 12,691 | -5,436 |
| 32-50 33-0133-503<br>Construction | OL86 | 10,911 | 10,911 | 10,911 | 10,911 | --- |
| | 87 | 8,801 | 10,777 | 9,376 | 8,801 | -1,976 |
| | 88 | -65 | 5,935 | 6,695 | -65 | -6,000 |
| | 89 | --- | --- | 4,229 | --- | --- |
| | 90 | --- | --- | 4,414 | --- | --- |
| | 91 | --- | --- | 4,586 | --- | --- |
| 32-50 33-0200-503<br>Salaries and expenses, National Gallery of Art | OL86 | 36,256 | 36,256 | 36,256 | 36,256 | --- |
| | 87 | 33,107 | 34,896 | 33,176 | 33,176 | -1,720 |
| | 88 | 33,444 | 35,356 | 33,330 | 33,330 | -2,026 |
| | 89 | 33,609 | 35,673 | 34,040 | 34,040 | -1,633 |
| | 90 | 33,883 | 36,167 | 34,802 | 34,802 | -1,365 |
| | 91 | 34,195 | 36,667 | 35,611 | 35,611 | -1,056 |
| 32-50 00-0201-503<br>Repair, restoration, and renovation of buildings | OL86 | 621 | 621 | 621 | 621 | --- |
| | 87 | 3,397 | 3,427 | 2,264 | 3,427 | --- |
| | 88 | 1,043 | 1,192 | 3,077 | 1,192 | --- |
| | 89 | 260 | 400 | 3,414 | 400 | --- |
| | 90 | 270 | 400 | 3,567 | 400 | --- |
| | 91 | 272 | 400 | 3,721 | 400 | --- |

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TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 32-50 33-0400-503<br>Salaries and expenses, Woodrow Wilson International Center for Scholars | OL86 | 3,282 | 3,282 | 3,282 | 3,282 | --- |
| | 87 | 2,806 | 3,211 | 3,244 | 2,806 | -405 |
| | 88 | 2,855 | 3,010 | 3,377 | 2,855 | -155 |
| | 89 | 2,904 | 3,064 | 3,476 | 2,904 | -160 |
| | 90 | 2,957 | 3,122 | 3,582 | 2,957 | -165 |
| | 91 | 2,952 | 3,122 | 3,682 | 2,952 | -170 |
| 32-50 00-0401-503<br>Payment to the endowment challenge fund | OL86 | 994 | 994 | 994 | 994 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 32-50 00-8188-503<br>Endowment challenge fund | OL86 | 50 | 50 | 50 | 50 | --- |
| | 87 | 150 | 150 | 150 | 150 | --- |
| | 88 | 175 | 175 | 175 | 175 | --- |
| | 89 | 200 | 200 | 200 | 200 | --- |
| | 90 | 200 | 200 | 200 | 200 | --- |
| | 91 | 200 | 200 | 200 | 200 | --- |
| 32-50 33-8190-503<br>Canal Zone biological area fund | OL86 | 121 | 121 | 121 | 121 | --- |
| | 87 | 124 | 129 | 129 | 129 | --- |
| | 88 | 130 | 135 | 115 | 115 | -20 |
| | 89 | 130 | 135 | 115 | 115 | -20 |
| | 90 | 130 | 135 | 115 | 115 | -20 |
| | 91 | 130 | 135 | 115 | 115 | -20 |
| TOTAL BUREAU (32-50) | OL86 | 239,658 | 239,658 | 239,658 | 239,658 | --- |
| | 87 | 244,546 | 258,203 | 240,451 | 237,072 | -21,131 |
| | 88 | 241,854 | 263,686 | 241,762 | 230,060 | -33,626 |
| | 89 | 242,575 | 262,252 | 243,121 | 231,552 | -30,700 |
| | 90 | 255,212 | 269,171 | 248,192 | 235,802 | -33,369 |
| | 91 | 256,621 | 275,819 | 253,763 | 240,480 | -35,339 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL AGENCY (32) | OL86 | 239,658 | 239,658 | 239,658 | 239,658 | --- |
| | 87 | 244,546 | 258,203 | 240,451 | 237,072 | -21,131 |
| | 88 | 241,854 | 263,686 | 241,762 | 230,060 | -33,626 |
| | 89 | 242,575 | 262,252 | 243,121 | 231,552 | -30,700 |
| | 90 | 255,212 | 269,171 | 248,192 | 235,802 | -33,369 |
| | 91 | 256,621 | 275,819 | 253,763 | 240,480 | -35,339 |
| TOTAL SUBFUNCTION (503) | OL86 | 421,153 | 421,153 | 421,153 | 421,153 | --- |
| | 87 | 433,709 | 447,366 | 414,334 | 410,955 | -36,411 |
| | 88 | 450,927 | 472,759 | 417,694 | 405,992 | -66,767 |
| | 89 | 464,676 | 484,353 | 423,654 | 412,085 | -72,268 |
| | 90 | 489,870 | 503,829 | 433,630 | 421,240 | -82,589 |
| | 91 | 503,658 | 522,856 | 444,446 | 431,163 | -91,693 |
| TOTAL FUNCTION (500) | OL86 | 421,153 | 421,153 | 421,153 | 421,153 | --- |
| | 87 | 433,709 | 447,366 | 414,334 | 410,955 | -36,411 |
| | 88 | 450,927 | 472,759 | 417,694 | 405,992 | -66,767 |
| | 89 | 464,676 | 484,353 | 423,654 | 412,085 | -72,268 |
| | 90 | 489,870 | 503,829 | 433,630 | 421,240 | -82,589 |
| | 91 | 503,658 | 522,856 | 444,446 | 431,163 | -91,693 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| GENERAL GOVERNMENT (800)<br>LEGISLATIVE FUNCTIONS (801)<br>LEGISLATIVE BRANCH (01)<br>SENATE (01-05) | | | | | | |
| 01-05 00-0100-801<br>Compensation of Members, Senate | OL86 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 87 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 88 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 89 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 90 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| | 91 | 8,976 | 8,976 | 8,976 | 8,976 | --- |
| 01-05 00-0101-801<br>Mileage of the Vice President and Senators | OL86 | 58 | 58 | 46 | 46 | -12 |
| | 87 | 59 | 59 | 59 | 59 | --- |
| | 88 | 60 | 60 | 61 | 61 | 1 |
| | 89 | 60 | 60 | 64 | 64 | 4 |
| | 90 | 60 | 60 | 66 | 66 | 6 |
| | 91 | 60 | 60 | 69 | 69 | 9 |
| 01-05 00-0107-801<br>Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips | OL86 | 54 | 54 | 54 | 54 | --- |
| | 87 | 56 | 56 | 56 | 56 | --- |
| | 88 | 56 | 56 | 59 | 59 | 3 |
| | 89 | 56 | 56 | 61 | 61 | 5 |
| | 90 | 56 | 56 | 64 | 64 | 8 |
| | 91 | 56 | 56 | 67 | 67 | 11 |
| 01-05 00-0108-801<br>Representation allowances for the Majority and Minority Leaders | OL86 | 19 | 19 | 19 | 19 | --- |
| | 87 | 20 | 20 | 20 | 20 | --- |
| | 88 | 20 | 20 | 21 | 21 | 1 |
| | 89 | 20 | 20 | 22 | 22 | 2 |
| | 90 | 20 | 20 | 22 | 22 | 2 |
| | 91 | 20 | 20 | 23 | 23 | 3 |
| 01-05 00-0110-801<br>Salaries, officers and employees | OL86 | 163,443 | 163,443 | 153,354 | 153,354 | -10,089 |
| | 87 | 174,798 | 174,798 | 153,354 | 153,354 | -21,444 |
| | 88 | 175,018 | 175,018 | 153,354 | 153,354 | -21,664 |
| | 89 | 175,018 | 175,018 | 153,354 | 153,354 | -21,664 |
| | 90 | 175,018 | 175,018 | 153,354 | 153,354 | -21,664 |
| | 91 | 175,018 | 175,018 | 153,354 | 153,354 | -21,664 |

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TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0115-801<br>Payments to widows and heirs of deceased members of Congress | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0123-801<br>Miscellaneous items | OL86 | 9,894 | 9,894 | 9,244 | 9,244 | -650 |
| | 87 | 10,317 | 10,317 | 9,771 | 9,771 | -546 |
| | 88 | 10,317 | 10,317 | 10,344 | 10,344 | 27 |
| | 89 | 10,317 | 10,317 | 10,973 | 10,973 | 656 |
| | 90 | 10,317 | 10,317 | 11,647 | 11,647 | 1,330 |
| | 91 | 10,317 | 10,317 | 12,378 | 12,378 | 2,061 |
| 01-05 00-0126-801<br>Secretary of the Senate | OL86 | 660 | 660 | 442 | 442 | -218 |
| | 87 | 694 | 694 | 677 | 677 | -17 |
| | 88 | 699 | 699 | 716 | 716 | 17 |
| | 89 | 699 | 699 | 760 | 760 | 61 |
| | 90 | 699 | 699 | 805 | 805 | 106 |
| | 91 | 699 | 699 | 856 | 856 | 157 |
| 01-05 00-0127-801<br>Sergeant at Arms and Doorkeeper of the Senate | OL86 | 61,006 | 61,006 | 51,080 | 51,080 | -9,926 |
| | 87 | 58,743 | 58,743 | 54,573 | 54,573 | -4,170 |
| | 88 | 58,825 | 58,825 | 57,766 | 57,766 | -1,059 |
| | 89 | 58,825 | 58,825 | 61,268 | 61,268 | 2,443 |
| | 90 | 58,825 | 58,825 | 65,033 | 65,033 | 6,208 |
| | 91 | 58,825 | 58,825 | 69,106 | 69,106 | 10,281 |
| 01-05 00-0128-801<br>Inquiries and investigations | OL86 | 49,079 | 49,079 | 39,830 | 39,830 | -9,249 |
| | 87 | 51,953 | 51,953 | 41,140 | 41,140 | -10,813 |
| | 88 | 52,177 | 52,177 | 41,642 | 41,642 | -10,535 |
| | 89 | 52,177 | 52,177 | 42,194 | 42,194 | -9,983 |
| | 90 | 52,177 | 52,177 | 42,785 | 42,785 | -9,392 |
| | 91 | 52,177 | 52,177 | 43,427 | 43,427 | -8,750 |

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### COMMITTEE ON RULES AND ADMINISTRATION
### TABLE D
### CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
### OUTLAYS
### (IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0129-801<br>Expenses of United States International Narcotics Control Commission | OL86 | 311 | 311 | 280 | 280 | -31 |
| | 87 | 325 | 325 | 319 | 319 | -6 |
| | 88 | --- | --- | 32 | 32 | 32 |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0140-801<br>Stationery (revolving fund) | OL86 | 11 | 11 | 11 | 11 | --- |
| | 87 | 13 | 13 | 11 | 11 | -2 |
| | 88 | 13 | 13 | 12 | 12 | -1 |
| | 89 | 13 | 13 | 12 | 12 | -1 |
| | 90 | 13 | 13 | 13 | 13 | --- |
| | 91 | 13 | 13 | 13 | 13 | --- |
| 01-05 00-0165-801<br>Automobiles and maintenance | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0171-801<br>Office of Senate Legal Counsel | OL86 | 542 | 542 | 543 | 543 | 1 |
| | 87 | 574 | 574 | 560 | 560 | -14 |
| | 88 | 575 | 575 | 585 | 585 | 10 |
| | 89 | 575 | 575 | 611 | 611 | 36 |
| | 90 | 575 | 575 | 636 | 636 | 61 |
| | 91 | 575 | 575 | 665 | 665 | 90 |
| 01-05 00-0172-801<br>Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and for the minority of the Senat | OL86 | 11 | 11 | 11 | 11 | --- |
| | 87 | 12 | 12 | 11 | 11 | -1 |
| | 88 | 12 | 12 | 12 | 12 | --- |
| | 89 | 12 | 12 | 12 | 12 | --- |
| | 90 | 12 | 12 | 13 | 13 | 1 |
| | 91 | 12 | 12 | 13 | 13 | 1 |

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OUTLAYS
(IN THOUSANDS OF DOLLARS)

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-0173-801<br>Joint Study Panel on Social Security Administration, Senate | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-0182-801<br>Senate policy committees | OL86 | 1,868 | 1,868 | 1,678 | 1,678 | -190 |
| | 87 | 1,944 | 1,944 | 1,877 | 1,877 | -67 |
| | 88 | 1,948 | 1,948 | 1,894 | 1,894 | -54 |
| | 89 | 1,948 | 1,948 | 1,910 | 1,910 | -38 |
| | 90 | 1,948 | 1,948 | 1,927 | 1,927 | -21 |
| | 91 | 1,948 | 1,948 | 1,945 | 1,945 | -3 |
| 01-05 00-0185-801<br>Office of the Legislative Counsel of the Senate | OL86 | 1,379 | 1,379 | 1,223 | 1,223 | -156 |
| | 87 | 1,618 | 1,618 | 1,232 | 1,232 | -386 |
| | 88 | 1,622 | 1,622 | 1,243 | 1,243 | -379 |
| | 89 | 1,622 | 1,622 | 1,253 | 1,253 | -369 |
| | 90 | 1,622 | 1,622 | 1,265 | 1,265 | -357 |
| | 91 | 1,622 | 1,622 | 1,277 | 1,277 | -345 |
| 01-05 00-0188-801<br>Congressional use of foreign currency, Senate | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4021-801<br>Recording studio (revolving fund) | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-05 00-4022-801<br>Senate restaurant fund (revolving fund) | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4046-801<br>Senate computer center (revolving fund) | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-05 00-4047-801<br>Senate barber shops (revolving fund) | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-05) | OL86 | 297,311 | 297,311 | 266,791 | 266,791 | -30,520 |
| | 87 | 310,102 | 310,102 | 272,636 | 272,636 | -37,466 |
| | 88 | 310,318 | 310,318 | 276,717 | 276,717 | -33,601 |
| | 89 | 310,318 | 310,318 | 281,470 | 281,470 | -28,848 |
| | 90 | 310,318 | 310,318 | 286,606 | 286,606 | -23,712 |
| | 91 | 310,318 | 310,318 | 292,169 | 292,169 | -18,149 |
| HOUSE OF REPRESENTATIVES (01-10) | | | | | | |
| 01-10 00-0200-801<br>Compensation of Members and related administrative expenses | OL86 | 37,000 | 37,000 | 37,588 | 37,588 | 588 |
| | 87 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 88 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 89 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 90 | 37,633 | 37,633 | 37,633 | 37,633 | --- |
| | 91 | 37,633 | 37,633 | 37,633 | 37,633 | --- |

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OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0208-801 Mileage of Members | OL86 | 139 | 139 | 72 | 72 | -67 |
| | 87 | 201 | 201 | 76 | 76 | -125 |
| | 88 | 210 | 210 | 81 | 81 | -129 |
| | 89 | 210 | 210 | 86 | 86 | -124 |
| | 90 | 210 | 210 | 91 | 91 | -119 |
| | 91 | 210 | 210 | 97 | 97 | -113 |
| 01-10 00-0215-801 Payments to widows and heirs of deceased members of Congress | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-0408-801 House leadership offices | OL86 | 3,089 | 3,089 | 3,654 | 3,654 | 565 |
| | 87 | 3,347 | 3,347 | 3,242 | 3,242 | -105 |
| | 88 | 3,357 | 3,357 | 3,280 | 3,280 | -77 |
| | 89 | 3,357 | 3,357 | 3,320 | 3,320 | -37 |
| | 90 | 3,357 | 3,357 | 3,362 | 3,362 | 5 |
| | 91 | 3,357 | 3,357 | 3,407 | 3,407 | 50 |
| 01-10 00-0410-801 Salaries, officers and employees | OL86 | 46,649 | 46,649 | 46,342 | 46,342 | -307 |
| | 87 | 49,064 | 49,064 | 45,876 | 45,876 | -3,188 |
| | 88 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 89 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 90 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| | 91 | 49,137 | 49,137 | 45,854 | 45,854 | -3,283 |
| 01-10 00-0415-801 Members' clerk hire | OL86 | 157,007 | 157,007 | 157,197 | 157,197 | 190 |
| | 87 | 173,503 | 173,503 | 157,197 | 157,197 | -16,306 |
| | 88 | 173,659 | 173,659 | 157,197 | 157,197 | -16,462 |
| | 89 | 173,659 | 173,659 | 157,197 | 157,197 | -16,462 |
| | 90 | 173,659 | 173,659 | 157,197 | 157,197 | -16,462 |
| | 91 | 173,659 | 173,659 | 157,197 | 157,197 | -16,462 |

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TABLE D
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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0416-801<br>Committee employees | OL86 | 42,495 | 42,495 | 40,722 | 40,722 | -1,773 |
| | 87 | 51,059 | 51,059 | 40,722 | 40,722 | -10,337 |
| | 88 | 51,135 | 51,135 | 40,722 | 40,722 | -10,413 |
| | 89 | 51,135 | 51,135 | 40,722 | 40,722 | -10,413 |
| | 90 | 51,135 | 51,135 | 40,722 | 40,722 | -10,413 |
| | 91 | 51,135 | 51,135 | 40,722 | 40,722 | -10,413 |
| 01-10 00-0418-801<br>Committee on Appropriations (Studies and Investigations) | OL86 | 3,942 | 3,942 | 3,273 | 3,273 | -669 |
| | 87 | 4,278 | 4,278 | 3,307 | 3,307 | -971 |
| | 88 | 4,300 | 4,300 | 3,345 | 3,345 | -955 |
| | 89 | 4,300 | 4,300 | 3,386 | 3,386 | -914 |
| | 90 | 4,300 | 4,300 | 3,429 | 3,429 | -871 |
| | 91 | 4,300 | 4,300 | 3,476 | 3,476 | -824 |
| 01-10 00-0419-801<br>Committee on the Budget (Studies) | OL86 | 272 | 272 | 247 | 247 | -25 |
| | 87 | 315 | 315 | 250 | 250 | -65 |
| | 88 | 316 | 316 | 252 | 252 | -64 |
| | 89 | 316 | 316 | 256 | 256 | -60 |
| | 90 | 316 | 316 | 259 | 259 | -57 |
| | 91 | 316 | 316 | 263 | 263 | -53 |
| 01-10 00-0433-801<br>Special and select committees | OL86 | 43,143 | 43,143 | 43,143 | 43,143 | --- |
| | 87 | 50,131 | 50,131 | 43,600 | 43,600 | -6,531 |
| | 88 | 50,211 | 50,211 | 44,095 | 44,095 | -6,116 |
| | 89 | 50,211 | 50,211 | 44,629 | 44,629 | -5,582 |
| | 90 | 50,211 | 50,211 | 45,204 | 45,204 | -5,007 |
| | 91 | 50,211 | 50,211 | 45,818 | 45,818 | -4,393 |
| 01-10 00-0438-801<br>Allowances and expenses | OL86 | 136,712 | 136,712 | 121,967 | 121,967 | -14,745 |
| | 87 | 150,000 | 150,000 | 131,843 | 131,843 | -18,157 |
| | 88 | 150,573 | 150,573 | 137,122 | 137,122 | -13,451 |
| | 89 | 150,573 | 150,573 | 142,838 | 142,838 | -7,735 |
| | 90 | 150,573 | 150,573 | 148,978 | 148,978 | -1,595 |
| | 91 | 150,573 | 150,573 | 155,557 | 155,557 | 4,984 |

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(IN THOUSANDS OF DOLLARS)

PAGE D 16

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-0440-801<br>Stationery (revolving fund) | OL86 | -435 | -435 | -435 | -435 | --- |
| | 87 | -453 | -453 | --- | --- | 453 |
| | 88 | -472 | -472 | --- | --- | 472 |
| | 89 | -492 | -492 | --- | --- | 492 |
| | 90 | -513 | -513 | --- | --- | 513 |
| | 91 | -535 | -535 | --- | --- | 535 |
| 01-10 00-0488-801<br>Congressional use of foreign currency, House of Representatives | OL86 | 2,680 | 2,680 | 2,680 | 2,680 | --- |
| | 87 | 3,360 | 3,360 | 2,790 | 2,790 | -570 |
| | 88 | 3,360 | 3,360 | 2,905 | 2,905 | -455 |
| | 89 | 3,360 | 3,360 | 3,023 | 3,023 | -337 |
| | 90 | 3,360 | 3,360 | 3,149 | 3,149 | -211 |
| | 91 | 3,360 | 3,360 | 3,278 | 3,278 | -82 |
| 01-10 00-4003-801<br>House of Representatives restaurant fund (revolving fund) | OL86 | 15 | 15 | 31 | 31 | 16 |
| | 87 | 34 | 34 | --- | --- | -34 |
| | 88 | 35 | 35 | --- | --- | -35 |
| | 89 | 37 | 37 | --- | --- | -37 |
| | 90 | 38 | 38 | --- | --- | -38 |
| | 91 | 38 | 38 | --- | --- | -38 |
| 01-10 00-4004-801<br>Recording studio (revolving fund) | OL86 | -258 | -258 | -258 | -258 | --- |
| | 87 | -269 | -269 | --- | --- | 269 |
| | 88 | -280 | -280 | --- | --- | 280 |
| | 89 | -292 | -292 | --- | --- | 292 |
| | 90 | -304 | -304 | --- | --- | 304 |
| | 91 | -317 | -317 | --- | --- | 317 |
| 01-10 00-4006-801<br>Beauty shop (revolving fund) | OL86 | -2 | -2 | -2 | -2 | --- |
| | 87 | -2 | -2 | --- | --- | 2 |
| | 88 | -2 | -2 | --- | --- | 2 |
| | 89 | -2 | -2 | --- | --- | 2 |
| | 90 | -2 | -2 | --- | --- | 2 |
| | 91 | -3 | -3 | --- | --- | 3 |

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OUTLAYS
(IN THOUSANDS OF DOLLARS)

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-10 00-4007-801<br>House barber shops (revolving fund) | OL86 | 3 | 3 | 3 | 3 | --- |
| | 87 | 3 | 3 | --- | --- | -3 |
| | 88 | 3 | 3 | --- | --- | -3 |
| | 89 | 3 | 3 | --- | --- | -3 |
| | 90 | 3 | 3 | --- | --- | -3 |
| | 91 | 3 | 3 | --- | --- | -3 |
| 01-10 00-4008-801<br>Office of the attending physician (revolving fund) | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-10 00-4011-801<br>Page residence hall and meal plan | OL86 | -62 | -62 | -62 | -62 | --- |
| | 87 | -65 | -65 | --- | --- | 65 |
| | 88 | -60 | -60 | --- | --- | 60 |
| | 89 | -62 | -62 | --- | --- | 62 |
| | 90 | -65 | -65 | --- | --- | 65 |
| | 91 | -68 | -68 | --- | --- | 68 |
| TOTAL BUREAU (01-10) | OL86 | 472,389 | 472,389 | 456,162 | 456,162 | -16,227 |
| | 87 | 522,139 | 522,139 | 466,536 | 466,536 | -55,603 |
| | 88 | 523,115 | 523,115 | 472,486 | 472,486 | -50,629 |
| | 89 | 523,083 | 523,083 | 478,944 | 478,944 | -44,139 |
| | 90 | 523,048 | 523,048 | 485,878 | 485,878 | -37,170 |
| | 91 | 523,009 | 523,009 | 493,302 | 493,302 | -29,707 |
| JOINT ITEMS (01-12) | | | | | | |
| 01-12 00-0170-801<br>Capitol Guide Service | OL86 | 833 | 833 | 784 | 784 | -49 |
| | 87 | 931 | 931 | 792 | 792 | -139 |
| | 88 | 934 | 934 | 842 | 842 | -92 |
| | 89 | 934 | 934 | 851 | 851 | -83 |
| | 90 | 934 | 934 | 859 | 859 | -75 |
| | 91 | 934 | 934 | 868 | 868 | -66 |

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(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBD BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0180-801<br>Joint Committee on Printing | OL86 | 882 | 882 | 882 | 882 | --- |
| | 87 | 927 | 927 | 885 | 885 | -42 |
| | 88 | 930 | 930 | 893 | 893 | -37 |
| | 89 | 930 | 930 | 901 | 901 | -29 |
| | 90 | 930 | 930 | 909 | 909 | -21 |
| | 91 | 930 | 930 | 917 | 917 | -13 |
| 01-12 00-0181-801<br>Joint Economic Committee | OL86 | 2,536 | 2,536 | 2,792 | 2,792 | 256 |
| | 87 | 2,830 | 2,830 | 2,548 | 2,548 | -282 |
| | 88 | 2,836 | 2,836 | 2,571 | 2,571 | -265 |
| | 89 | 2,836 | 2,836 | 2,593 | 2,593 | -243 |
| | 90 | 2,836 | 2,836 | 2,616 | 2,616 | -220 |
| | 91 | 2,836 | 2,836 | 2,641 | 2,641 | -195 |
| 01-12 00-0186-801<br>Joint Committee on Inaugural Ceremonies of 1985 | OL86 | 189 | 189 | 188 | 188 | -1 |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0199-801<br>Statements of appropriations, Senate | OL86 | 7 | 7 | --- | --- | -7 |
| | 87 | 13 | 13 | --- | --- | -13 |
| | 88 | 13 | 13 | --- | --- | -13 |
| | 89 | 13 | 13 | --- | --- | -13 |
| | 90 | 13 | 13 | --- | --- | -13 |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0425-801<br>Office of the Attending Physician | OL86 | 984 | 984 | 404 | 404 | -580 |
| | 87 | 1,083 | 1,083 | 420 | 420 | -663 |
| | 88 | 1,098 | 1,098 | 437 | 437 | -661 |
| | 89 | 1,098 | 1,098 | 455 | 455 | -643 |
| | 90 | 1,098 | 1,098 | 473 | 473 | -625 |
| | 91 | 1,098 | 1,098 | 492 | 492 | -606 |

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0460-801<br>Joint Committee on Taxation | OL86 | 4,005 | 4,005 | 4,587 | 4,587 | 582 |
| | 87 | 4,350 | 4,350 | 3,582 | 3,582 | -768 |
| | 88 | 4,357 | 4,357 | 3,622 | 3,622 | -735 |
| | 89 | 4,357 | 4,357 | 3,666 | 3,666 | -691 |
| | 90 | 4,357 | 4,357 | 3,712 | 3,712 | -645 |
| | 91 | 4,357 | 4,357 | 3,764 | 3,764 | -593 |
| 01-12 00-0474-801<br>Capitol Police Board | OL86 | 101 | 101 | 105 | 105 | 4 |
| | 87 | -1 | -1 | 17 | 17 | 18 |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-12 00-0476-801<br>General expenses, Capitol police | OL86 | 1,238 | 1,238 | 1,086 | 1,086 | -152 |
| | 87 | 2,056 | 2,056 | 1,099 | 1,099 | -957 |
| | 88 | 2,068 | 2,068 | 1,111 | 1,111 | -957 |
| | 89 | 2,068 | 2,068 | 1,127 | 1,127 | -941 |
| | 90 | 2,068 | 2,068 | 1,143 | 1,143 | -925 |
| | 91 | 2,068 | 2,068 | 1,160 | 1,160 | -908 |
| 01-12 00-0499-801<br>Statements of appropriations, House of Representatives | OL86 | 7 | 7 | 13 | 13 | 6 |
| | 87 | 7 | 7 | 13 | 13 | 6 |
| | 88 | 7 | 7 | 13 | 13 | 6 |
| | 89 | 7 | 7 | 14 | 14 | 7 |
| | 90 | 7 | 7 | 14 | 14 | 7 |
| | 91 | 7 | 7 | 14 | 14 | 7 |
| 01-12 00-0820-801<br>Education of pages | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-12 00-0825-801<br>Official mail costs | OL86 | 141,495 | 141,495 | 139,700 | 139,700 | -1,795 |
| | 87 | 137,023 | 137,023 | 99,000 | 99,000 | -38,023 |
| | 88 | 154,106 | 154,106 | 160,000 | 160,000 | 5,894 |
| | 89 | 103,714 | 103,714 | 115,000 | 115,000 | 11,286 |
| | 90 | 166,641 | 166,641 | 192,000 | 192,000 | 25,359 |
| | 91 | 111,217 | 111,217 | 130,000 | 130,000 | 18,783 |
| TOTAL BUREAU (01-12) | OL86 | 152,277 | 152,277 | 150,541 | 150,541 | -1,736 |
| | 87 | 149,219 | 149,219 | 108,356 | 108,356 | -40,863 |
| | 88 | 166,349 | 166,349 | 169,489 | 169,489 | 3,140 |
| | 89 | 115,957 | 115,957 | 124,607 | 124,607 | 8,650 |
| | 90 | 178,884 | 178,884 | 201,726 | 201,726 | 22,842 |
| | 91 | 123,447 | 123,447 | 139,856 | 139,856 | 16,409 |
| CONGRESSIONAL BUDGET OFFICE (01-14) | | | | | | |
| 01-14 08-0100-801<br>Salaries and expenses, CONGRESSIONAL BUDGET OFFICE | OL86 | 18,058 | 18,058 | 16,763 | 16,763 | -1,295 |
| | 87 | 17,936 | 17,936 | 16,566 | 16,566 | -1,370 |
| | 88 | 17,924 | 17,924 | 17,053 | 17,053 | -871 |
| | 89 | 19,167 | 19,167 | 17,587 | 17,587 | -1,580 |
| | 90 | 19,667 | 19,667 | 18,161 | 18,161 | -1,506 |
| | 91 | 20,089 | 20,089 | 18,782 | 18,782 | -1,307 |
| TOTAL BUREAU (01-14) | OL86 | 18,058 | 18,058 | 16,763 | 16,763 | -1,295 |
| | 87 | 17,936 | 17,936 | 16,566 | 16,566 | -1,370 |
| | 88 | 17,924 | 17,924 | 17,053 | 17,053 | -871 |
| | 89 | 19,167 | 19,167 | 17,587 | 17,587 | -1,580 |
| | 90 | 19,667 | 19,667 | 18,161 | 18,161 | -1,506 |
| | 91 | 20,089 | 20,089 | 18,782 | 18,782 | -1,307 |
| ARCHITECT OF THE CAPITOL (01-15) | | | | | | |
| 01-15 01-0100-801<br>Office of the Architect of the Capitol: Salaries | OL86 | 5,189 | 5,189 | 5,087 | 5,087 | -102 |
| | 87 | 5,808 | 5,808 | 5,184 | 5,184 | -624 |
| | 88 | 5,550 | 5,550 | 5,184 | 5,184 | -366 |
| | 89 | 5,550 | 5,550 | 5,184 | 5,184 | -366 |
| | 90 | 5,550 | 5,550 | 5,184 | 5,184 | -366 |
| | 91 | 5,550 | 5,550 | 5,184 | 5,184 | -366 |

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-15 01-0102-801<br>Contingent expenses | OL86 | 430 | 430 | 430 | 430 | --- |
| | 87 | 235 | 235 | 101 | 101 | -134 |
| | 88 | 235 | 235 | 107 | 107 | -128 |
| | 89 | 235 | 235 | 114 | 114 | -121 |
| | 90 | 235 | 235 | 121 | 121 | -114 |
| | 91 | 235 | 235 | 129 | 129 | -106 |
| 01-15 01-0104-801<br>Acquisition of property as an addition to the Capitol grounds | OL86 | 65 | 65 | --- | --- | -65 |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0105-801<br>Capitol buildings | OL86 | 14,759 | 14,759 | 10,664 | 10,664 | -4,095 |
| | 87 | 24,560 | 24,560 | 10,696 | 10,696 | -13,864 |
| | 88 | 14,708 | 14,708 | 10,922 | 10,922 | -3,786 |
| | 89 | 14,819 | 14,819 | 11,168 | 11,168 | -3,651 |
| | 90 | 15,155 | 15,155 | 11,434 | 11,434 | -3,721 |
| | 91 | 15,258 | 15,258 | 11,723 | 11,723 | -3,535 |
| 01-15 01-0106-801<br>Alterations and improvements, buildings and grounds, to provide facilities for the physically handicapped | OL86 | 257 | 257 | 257 | 257 | --- |
| | 87 | 235 | 235 | 235 | 235 | --- |
| | 88 | 302 | 302 | 302 | 302 | --- |
| | 89 | 268 | 268 | 268 | 268 | --- |
| | 90 | 195 | 195 | 195 | 195 | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0108-801<br>Capitol grounds | OL86 | 6,385 | 6,385 | 3,301 | 3,301 | -3,084 |
| | 87 | 8,988 | 8,988 | 3,460 | 3,460 | -5,528 |
| | 88 | 3,320 | 3,320 | 3,581 | 3,581 | 261 |
| | 89 | 3,360 | 3,360 | 3,716 | 3,716 | 356 |
| | 90 | 3,400 | 3,400 | 3,860 | 3,860 | 460 |
| | 91 | 3,443 | 3,443 | 4,015 | 4,015 | 572 |

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| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-15 01-0109-801<br>West central front of the Capitol | OL86 | 21,921 | 21,921 | 21,921 | 21,921 | --- |
| | 87 | 10,000 | 10,000 | 10,000 | 10,000 | --- |
| | 88 | 10,000 | 10,000 | 10,000 | 10,000 | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0110-801<br>Congressional cemetery | OL86 | 199 | 199 | 199 | 199 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0119-801<br>Master plan for future development of the Capitol grounds and related areas | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0122-801<br>Construction of an extension to the New Senate Office Building | OL86 | 1,516 | 1,516 | 1,516 | 1,516 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0123-801<br>Senate office buildings | OL86 | 28,392 | 28,392 | 25,875 | 25,875 | -2,517 |
| | 87 | 28,150 | 28,150 | 19,191 | 19,191 | -8,959 |
| | 88 | 25,594 | 25,594 | 19,667 | 19,667 | -5,927 |
| | 89 | 26,094 | 26,094 | 20,192 | 20,192 | -5,902 |
| | 90 | 26,618 | 26,618 | 20,758 | 20,758 | -5,860 |
| | 91 | 27,170 | 27,170 | 21,369 | 21,369 | -5,801 |

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|---|---|---|---|---|---|---|
| 01-15 01-0127-801<br>House office buildings | OL86 | 24,366 | 24,366 | 21,316 | 21,316 | -3,050 |
| | 87 | 29,148 | 29,148 | 21,342 | 21,342 | -7,806 |
| | 88 | 27,451 | 27,451 | 21,590 | 21,590 | -5,861 |
| | 89 | 27,860 | 27,860 | 21,860 | 21,860 | -6,000 |
| | 90 | 28,289 | 28,289 | 22,151 | 22,151 | -6,138 |
| | 91 | 28,741 | 28,741 | 22,465 | 22,465 | -6,276 |
| 01-15 01-0128-801<br>Acquisition of property, construction, and equipment, additional House Office Building | OL86 | 79 | 79 | 79 | 79 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0129-801<br>Installation of solar collectors in House office buildings | OL86 | 50 | 50 | 50 | 50 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0133-801<br>Capitol Power Plant | OL86 | 25,356 | 25,356 | 24,923 | 24,923 | -433 |
| | 87 | 29,325 | 29,325 | 23,389 | 23,389 | -5,936 |
| | 88 | 27,306 | 27,306 | 24,521 | 24,521 | -2,785 |
| | 89 | 28,520 | 28,520 | 25,749 | 25,749 | -2,771 |
| | 90 | 29,794 | 29,794 | 27,068 | 27,068 | -2,726 |
| | 91 | 31,131 | 31,131 | 28,481 | 28,481 | -2,650 |
| 01-15 01-0135-801<br>Expansion of facilities, Capitol Power Plant | OL86 | 97 | 97 | 97 | 97 | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |

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|---|---|---|---|---|---|---|
| 01-15 01-0136-801<br>Modifications and enlargement, Capitol Power Plant | OL86 | 755 | 755 | 755 | 755 | --- |
| | 87 | 75 | 75 | 75 | 75 | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| 01-15 01-0155-801<br>Structural and mechanical care, Library buildings and grounds | OL86 | 39,854 | 39,854 | 39,854 | 39,854 | --- |
| | 87 | 11,534 | 11,534 | 23,272 | 23,272 | 11,738 |
| | 88 | 29,995 | 29,995 | 13,280 | 13,280 | -16,715 |
| | 89 | 22,951 | 22,951 | 22,665 | 22,665 | -286 |
| | 90 | 11,172 | 11,172 | 21,967 | 21,967 | 10,795 |
| | 91 | 7,867 | 7,867 | 5,958 | 5,958 | -1,909 |
| 01-15 01-0158-801<br>Library of Congress James Madison Memorial Building | OL86 | --- | --- | --- | --- | --- |
| | 87 | --- | --- | --- | --- | --- |
| | 88 | --- | --- | --- | --- | --- |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-15) | OL86 | 169,670 | 169,670 | 156,324 | 156,324 | -13,346 |
| | 87 | 148,058 | 148,058 | 116,945 | 116,945 | -31,113 |
| | 88 | 144,461 | 144,461 | 109,154 | 109,154 | -35,307 |
| | 89 | 129,657 | 129,657 | 110,916 | 110,916 | -18,741 |
| | 90 | 120,408 | 120,408 | 112,738 | 112,738 | -7,670 |
| | 91 | 119,395 | 113,395 | 99,324 | 99,324 | -20,071 |
| LIBRARY OF CONGRESS (01-25) | | | | | | |
| 01-25 03-0127-801<br>Congressional Research Service: Salaries and expenses | OL86 | 37,487 | 37,487 | 37,155 | 37,155 | -332 |
| | 87 | 43,302 | 43,302 | 38,641 | 38,641 | -4,661 |
| | 88 | 45,500 | 45,500 | 38,047 | 38,047 | -7,453 |
| | 89 | 48,600 | 48,600 | 38,499 | 38,499 | -10,101 |
| | 90 | 52,000 | 52,000 | 38,986 | 38,986 | -13,014 |
| | 91 | 55,600 | 55,600 | 39,512 | 39,512 | -16,088 |

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|---|---|---|---|---|---|---|
| TOTAL BUREAU (01-25) | OL86 | 37,487 | 37,487 | 37,155 | 37,155 | -332 |
| | 87 | 43,302 | 43,302 | 38,641 | 38,641 | -4,661 |
| | 88 | 45,500 | 45,500 | 38,047 | 38,047 | -7,453 |
| | 89 | 48,600 | 48,600 | 38,499 | 38,499 | -10,101 |
| | 90 | 52,000 | 52,000 | 38,986 | 38,986 | -13,014 |
| | 91 | 55,600 | 55,600 | 39,512 | 39,512 | -16,088 |
| GOVERNMENT PRINTING OFFICE (01-30) | | | | | | |
| 01-30 04-0202-801<br>Printing and binding | OL86 | 12,505 | 12,505 | 11,940 | 11,940 | -565 |
| | 87 | 14,085 | 14,085 | 11,467 | 11,467 | -2,618 |
| | 88 | 15,831 | 15,831 | 12,134 | 12,134 | -3,697 |
| | 89 | 16,431 | 16,431 | 12,863 | 12,863 | -3,568 |
| | 90 | 17,004 | 17,004 | 13,650 | 13,650 | -3,354 |
| | 91 | 17,546 | 17,546 | 14,502 | 14,502 | -3,044 |
| 01-30 04-0203-801<br>Congressional printing and binding | OL86 | 64,954 | 64,954 | 63,516 | 63,516 | -1,438 |
| | 87 | 70,380 | 70,380 | 67,977 | 67,977 | -2,403 |
| | 88 | 74,855 | 74,855 | 71,883 | 71,883 | -2,972 |
| | 89 | 77,625 | 77,625 | 76,164 | 76,164 | -1,461 |
| | 90 | 80,264 | 80,264 | 80,815 | 80,815 | 551 |
| | 91 | 82,752 | 82,752 | 85,826 | 85,826 | 3,074 |
| TOTAL BUREAU (01-30) | OL86 | 77,459 | 77,459 | 75,456 | 75,456 | -2,003 |
| | 87 | 84,465 | 84,465 | 79,444 | 79,444 | -5,021 |
| | 88 | 90,686 | 90,686 | 84,017 | 84,017 | -6,669 |
| | 89 | 94,056 | 94,056 | 89,027 | 89,027 | -5,029 |
| | 90 | 97,268 | 97,268 | 94,465 | 94,465 | -2,803 |
| | 91 | 100,298 | 100,298 | 100,328 | 100,328 | 30 |
| OTHER LEGISLATIVE BRANCH AGENCIES (01-45) | | | | | | |
| 01-45 09-0200-801<br>Botanic Garden: Salaries and expenses | OL86 | 2,331 | 2,331 | 2,095 | 2,095 | -236 |
| | 87 | 2,415 | 2,415 | 2,102 | 2,102 | -313 |
| | 88 | 2,285 | 2,285 | 2,111 | 2,111 | -174 |
| | 89 | 2,303 | 2,303 | 2,121 | 2,121 | -182 |
| | 90 | 2,321 | 2,321 | 2,131 | 2,131 | -190 |
| | 91 | 2,340 | 2,340 | 2,142 | 2,142 | -198 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-45 09-0700-801<br>Office of Technology Assessment: Salaries and expenses | OL86 | 14,586 | 14,586 | 15,441 | 15,441 | 855 |
| | 87 | 17,566 | 17,566 | 15,035 | 15,035 | -2,531 |
| | 88 | 18,433 | 18,433 | 15,563 | 15,563 | -2,870 |
| | 89 | 19,171 | 19,171 | 16,140 | 16,140 | -3,031 |
| | 90 | 19,881 | 19,881 | 16,761 | 16,761 | -3,120 |
| | 91 | 20,557 | 20,557 | 17,435 | 17,435 | -3,122 |
| 01-45 09-8094-801<br>Office of Technology Assessment: Contributions and donations | OL86 | 3 | 3 | 3 | 3 | --- |
| | 87 | 3 | 3 | 3 | 3 | --- |
| | 88 | 3 | 3 | 3 | 3 | --- |
| | 89 | 3 | 3 | 3 | 3 | --- |
| | 90 | 3 | 3 | 4 | 4 | 1 |
| | 91 | 3 | 3 | 4 | 4 | 1 |
| TOTAL BUREAU (01-45) | OL86 | 16,920 | 16,920 | 17,539 | 17,539 | 619 |
| | 87 | 19,984 | 19,984 | 17,140 | 17,140 | -2,844 |
| | 88 | 20,721 | 20,721 | 17,677 | 17,677 | -3,044 |
| | 89 | 21,477 | 21,477 | 18,264 | 18,264 | -3,213 |
| | 90 | 22,205 | 22,205 | 18,896 | 18,896 | -3,309 |
| | 91 | 22,900 | 22,900 | 19,581 | 19,581 | -3,319 |
| TOTAL AGENCY (01) | OL86 | 1,241,571 | 1,241,571 | 1,176,731 | 1,176,731 | -64,840 |
| | 87 | 1,295,205 | 1,295,205 | 1,116,264 | 1,116,264 | -178,941 |
| | 88 | 1,319,074 | 1,319,074 | 1,184,640 | 1,184,640 | -134,434 |
| | 89 | 1,262,315 | 1,262,315 | 1,159,314 | 1,159,314 | -103,001 |
| | 90 | 1,323,798 | 1,323,798 | 1,257,456 | 1,257,456 | -66,342 |
| | 91 | 1,275,056 | 1,275,056 | 1,202,854 | 1,202,854 | -72,202 |
| TOTAL SUBFUNCTION (801) | OL86 | 1,241,571 | 1,241,571 | 1,176,731 | 1,176,731 | -64,840 |
| | 87 | 1,295,205 | 1,295,205 | 1,116,264 | 1,116,264 | -178,941 |
| | 88 | 1,319,074 | 1,319,074 | 1,184,640 | 1,184,640 | -134,434 |
| | 89 | 1,262,315 | 1,262,315 | 1,159,314 | 1,159,314 | -103,001 |
| | 90 | 1,323,798 | 1,323,798 | 1,257,456 | 1,257,456 | -66,342 |
| | 91 | 1,275,056 | 1,275,056 | 1,202,854 | 1,202,854 | -72,202 |
| OTHER GENERAL GOVERNMENT (806)<br>LEGISLATIVE BRANCH (01)<br>GOVERNMENT PRINTING OFFICE (01-30) | | | | | | |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 01-30 04-0201-806<br>Office of Superintendent of Documents:<br>Salaries and expenses | OL86 | 23,042 | 23,042 | 26,665 | 26,665 | 3,623 |
| | 87 | 26,948 | 26,948 | 22,525 | 22,525 | -4,423 |
| | 88 | 28,458 | 28,458 | 23,405 | 23,405 | -5,053 |
| | 89 | 29,510 | 29,510 | 24,342 | 24,342 | -5,168 |
| | 90 | 30,514 | 30,514 | 25,341 | 25,341 | -5,173 |
| | 91 | 31,460 | 31,460 | 26,399 | 26,399 | -5,061 |
| 01-30 04-4505-806<br>Government Printing Office revolving fund | OL86 | -6,633 | -6,633 | 1,456 | 1,456 | 8,089 |
| | 87 | 3,919 | 3,919 | 256 | 256 | -3,663 |
| | 88 | --- | --- | -1,076 | -1,076 | -1,076 |
| | 89 | --- | --- | --- | --- | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | --- | --- | --- | --- | --- |
| TOTAL BUREAU (01-30) | OL86 | 16,409 | 16,409 | 28,121 | 28,121 | 11,712 |
| | 87 | 30,867 | 30,867 | 22,781 | 22,781 | -8,086 |
| | 88 | 28,458 | 28,458 | 22,329 | 22,329 | -6,129 |
| | 89 | 29,510 | 29,510 | 24,342 | 24,342 | -5,168 |
| | 90 | 30,514 | 30,514 | 25,341 | 25,341 | -5,173 |
| | 91 | 31,460 | 31,460 | 26,399 | 26,399 | -5,061 |
| TOTAL AGENCY (01) | OL86 | 16,409 | 16,409 | 28,121 | 28,121 | 11,712 |
| | 87 | 30,867 | 30,867 | 22,781 | 22,781 | -8,086 |
| | 88 | 28,458 | 28,458 | 22,329 | 22,329 | -6,129 |
| | 89 | 29,510 | 29,510 | 24,342 | 24,342 | -5,168 |
| | 90 | 30,514 | 30,514 | 25,341 | 25,341 | -5,173 |
| | 91 | 31,460 | 31,460 | 26,399 | 26,399 | -5,061 |
| DEPARTMENT OF THE TREASURY (15)<br>DEPARTMENTAL OFFICES (15-05) | | | | | | |
| 15-05 20-5081-806<br>Presidential election campaign fund | OL86 | 40 | 40 | 40 | 40 | --- |
| | 87 | 18,224 | 18,224 | 18,224 | 18,224 | --- |
| | 88 | 155,451 | 155,451 | 155,451 | 155,451 | --- |
| | 89 | 7,090 | 7,090 | 7,090 | 7,090 | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | 21,320 | 21,320 | 21,320 | 21,320 | --- |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 28

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| TOTAL BUREAU (15-05) | OL86 | 40 | 40 | 40 | 40 | --- |
| | 87 | 18,224 | 18,224 | 18,224 | 18,224 | --- |
| | 88 | 155,451 | 155,451 | 155,451 | 155,451 | --- |
| | 89 | 7,090 | 7,090 | 7,090 | 7,090 | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | 21,320 | 21,320 | 21,320 | 21,320 | --- |
| TOTAL AGENCY (15) | OL86 | 40 | 40 | 40 | 40 | --- |
| | 87 | 18,224 | 18,224 | 18,224 | 18,224 | --- |
| | 88 | 155,451 | 155,451 | 155,451 | 155,451 | --- |
| | 89 | 7,090 | 7,090 | 7,090 | 7,090 | --- |
| | 90 | --- | --- | --- | --- | --- |
| | 91 | 21,320 | 21,320 | 21,320 | 21,320 | --- |
| OTHER INDEPENDENT AGENCIES (30)<br>FEDERAL ELECTION COMMISSION (30-65) | | | | | | |
| 30-65 95-1600-806<br>Salaries and expenses, FEDERAL ELECTION COMMISSION | OL86 | 12,677 | 12,677 | 12,620 | 12,620 | -57 |
| | 87 | 11,882 | 12,763 | 12,075 | 12,075 | -688 |
| | 88 | 11,965 | 12,879 | 12,294 | 12,294 | -585 |
| | 89 | 12,044 | 12,985 | 12,534 | 12,534 | -451 |
| | 90 | 12,110 | 13,087 | 12,792 | 12,792 | -295 |
| | 91 | 12,163 | 13,183 | 13,072 | 13,072 | -111 |
| TOTAL BUREAU (30-65) | OL86 | 12,677 | 12,677 | 12,620 | 12,620 | -57 |
| | 87 | 11,882 | 12,763 | 12,075 | 12,075 | -688 |
| | 88 | 11,965 | 12,879 | 12,294 | 12,294 | -585 |
| | 89 | 12,044 | 12,985 | 12,534 | 12,534 | -451 |
| | 90 | 12,110 | 13,087 | 12,792 | 12,792 | -295 |
| | 91 | 12,163 | 13,183 | 13,072 | 13,072 | -111 |
| TOTAL AGENCY (30) | OL86 | 12,677 | 12,677 | 12,620 | 12,620 | -57 |
| | 87 | 11,882 | 12,763 | 12,075 | 12,075 | -688 |
| | 88 | 11,965 | 12,879 | 12,294 | 12,294 | -585 |
| | 89 | 12,044 | 12,985 | 12,534 | 12,534 | -451 |
| | 90 | 12,110 | 13,087 | 12,792 | 12,792 | -293 |
| | 91 | 12,163 | 13,183 | 13,072 | 13,072 | -111 |
| OTHER INDEPENDENT AGENCIES (31)<br>FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION(31-05) | | | | | | |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE D
CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
OUTLAYS
(IN THOUSANDS OF DOLLARS)

PAGE D 29

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| 31-05 76-0700-806<br>Salaries and expenses, FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION | OL86 | 24 | 24 | 20 | 24 | --- |
| | 87 | 22 | 20 | 21 | 20 | --- |
| | 88 | 23 | --- | 21 | --- | --- |
| | 89 | 24 | --- | 23 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 26 | --- | --- |
| TOTAL BUREAU (31-05) | OL86 | 24 | 24 | 20 | 24 | --- |
| | 87 | 22 | 20 | 21 | 20 | --- |
| | 88 | 23 | --- | 21 | --- | --- |
| | 89 | 24 | --- | 23 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 26 | --- | --- |
| TOTAL AGENCY (31) | OL86 | 24 | 24 | 20 | 24 | --- |
| | 87 | 22 | 20 | 21 | 20 | --- |
| | 88 | 23 | --- | 21 | --- | --- |
| | 89 | 24 | --- | 23 | --- | --- |
| | 90 | 25 | --- | 25 | --- | --- |
| | 91 | 26 | --- | 26 | --- | --- |
| TOTAL SUBFUNCTION (806) | OL86 | 29,150 | 29,150 | 40,801 | 40,805 | 11,655 |
| | 87 | 60,395 | 61,874 | 53,101 | 53,100 | -8,774 |
| | 88 | 195,897 | 196,788 | 190,066 | 190,074 | -6,714 |
| | 89 | 48,668 | 49,585 | 43,989 | 43,966 | -5,619 |
| | 90 | 42,649 | 43,601 | 38,158 | 38,133 | -5,468 |
| | 91 | 64,969 | 65,963 | 60,817 | 60,791 | -5,172 |
| TOTAL FUNCTION (800) | OL86 | 1,270,721 | 1,270,721 | 1,217,532 | 1,217,536 | -53,185 |
| | 87 | 1,356,200 | 1,357,079 | 1,169,365 | 1,169,364 | -187,715 |
| | 88 | 1,514,971 | 1,515,862 | 1,374,735 | 1,374,714 | -141,148 |
| | 89 | 1,310,983 | 1,311,900 | 1,203,303 | 1,203,280 | -108,620 |
| | 90 | 1,366,447 | 1,367,399 | 1,295,614 | 1,295,589 | -71,810 |
| | 91 | 1,340,025 | 1,341,019 | 1,263,671 | 1,263,645 | -77,374 |

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### COMMITTEE ON RULES AND ADMINISTRATION
### TABLE D
### CURRENT SERVICES, PRESIDENT'S, CBO, AND COMMITTEE ESTIMATES
### OUTLAYS
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | | CURRENT SERVICES ESTIMATES | PRESIDENT'S ESTIMATES | CBO BASELINE | COMMITTEE ESTIMATES | COMMITTEE COMPARED WITH PRESIDENT |
|---|---|---|---|---|---|---|
| GRAND TOTAL | OL86 | 1,905,611 | 1,905,611 | 1,739,472 | 1,739,476 | -166,135 |
| | 87 | 1,911,195 | 1,925,746 | 1,704,574 | 1,701,194 | -224,552 |
| | 88 | 2,088,961 | 2,111,700 | 1,924,421 | 1,912,698 | -199,002 |
| | 89 | 1,899,729 | 1,920,339 | 1,771,176 | 1,759,584 | -160,755 |
| | 90 | 1,981,295 | 1,996,222 | 1,886,909 | 1,874,494 | -121,728 |
| | 91 | 1,969,668 | 1,989,876 | 1,880,571 | 1,867,262 | -122,614 |

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COMMITTEE ON RULES AND ADMINISTRATION
TABLE E
ACCOUNTS WITH SUPPLEMENTAL REQUESTS FOR FY 1986
(IN THOUSANDS OF DOLLARS)

| SEQUENCE: FUNCTION, AGENCY, ACCOUNT | FY 1986 TYPE 1 BA (SUPPLEMNTL) FY 1986 | FY 1986 TYPE 1 OL (SUPPLEMNTL) FY 1986 | FY 1986 TYPE 4 BA (SUPPLEMNTL) FY 1986 | FY 1986 TYPE 4 OL (SUPPLEMNTL) FY 1986 |
|---|---|---|---|---|
| 01-05 00-0110-801<br>Salaries, officers and employees | 80 S1 | 80 S1 | --- S4 | --- S4 |
| 01-05 00-0123-801<br>Miscellaneous items | 650 S1 | 650 S1 | --- S4 | --- S4 |
| 01-05 00-0127-801<br>Sergeant at Arms and Doorkeeper of the Senate | 9,100 S1 | 9,100 S1 | --- S4 | --- S4 |
| 01-10 00-0410-801<br>Salaries, officers and employees | 722 S1 | 722 S1 | --- S4 | --- S4 |
| 01-10 00-0415-801<br>Members' clerk hire | 2,000 S1 | 2,000 S1 | --- S4 | --- S4 |
| 01-10 00-0438-801<br>Allowances and expenses | 13,787 S1 | 13,787 S1 | --- S4 | --- S4 |
| 01-12 00-0460-801<br>Joint Committee on Taxation | 600 S1 | 600 S1 | --- S4 | --- S4 |
| 01-12 00-0825-801<br>Official mail costs | 44,000 S1 | 44,000 S1 | --- S4 | --- S4 |
| 01-15 01-0105-801<br>Capitol buildings | 8,000 S1 | 100 S1 | --- S4 | --- S4 |
| 01-15 01-0108-801<br>Capitol grounds | --- S1 | --- S1 | 7,675 S4 | 2,275 S4 |
| 01-15 01-0133-801<br>Capitol Power Plant | 2,000 S1 | 2,000 S1 | --- S4 | --- S4 |
| GRAND TOTAL | 80,939 | 73,039 | 7,675 | 2,275 |

LOWELL WEICKER, JR., CONNECTICUT, CHAIRMAN

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WARREN RUDMAN, NEW HAMPSHIRE
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ROBERT J. DOTCHIN, STAFF DIRECTOR
R. MICHAEL HAYNES, CHIEF COUNSEL
JOHN W. BALL III, MINORITY CHIEF COUNSEL

**United States Senate**
COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510

March 5, 1986

Honorable Pete V. Domenici
Chairman
Honorable Lawton Chiles
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Pete and Lawton:

Pursuant to section 301(d) of the Congressional Budget Act, we are formally submitting to you our views and recommendations on the Small Business Administration's (SBA) Fiscal Year 1987 budget. We regret the delay in formally transmitting this information, but due to an illness Senator Bumpers was detained last week in Arkansas and unavailable to sign this letter. We understand, however, that some preliminary information has already been provided by Small Business Committee staff to the staff of the Budget Committee.

We oppose in the strongest terms the President's Fiscal 1987 Budget proposal for SBA, just as we opposed the same proposal for Fiscal Year 1986. We believe it is shortsighted, irresponsible and unacceptable, both as a means of deficit reduction and as an expression of national policy toward small business. It ignores SBA's role and contribution in maintaining a viable and progressive small business sector and creating an economic climate conducive to individual initiative and opportunity. It also breaches, in our view, the compromise agreement reached last year among the Chairman of this Committee, the Senate Republican Leadership and the Administration regarding the future of the SBA.

That compromise, which maintained funding for SBA as an independent agency for Fiscal Years 1986-88, was incorporated in the First Concurrent Budget Resolution, S.Con.Res. 32, which passed the Senate on May 10, 1985 by a vote of 50-49. Later that compromise was incorporated by amendments into S. 408, which passed the Senate on July 16, 1985 by a vote of 94-3. Finally, the budget reconciliation conference agreement reached with the House and signed unanimously by the Senate conferees on H.R. 3128, (hereafter called the "Conference Agreement"), largely tracked the terms of the original compromise reached by the Chairman, Senate Leadership and the Administration. Rather than dusting off the

Administration's discredited plan from last year to scrap the agency, we remain convinced that the Conference Agreement offers a more prudent course of action. Our recommendations to your Committee for the Fiscal Year 1987 budget are based on that existing agreement, which could be enacted at any time.

It is important to note, however, that the specific authority levels set forth in the Conference Agreement have been further reduced to reflect the impact of the sequester order of March 1st. It should be noted that the Congressional Budget Office's (CBO) baseline for SBA is based on Fiscal Year 1986 appropriations (adjusted by the sequester order), which adopted our recommendations concerning the elimination of most of the direct loan programs. We now recommend freezing direct loans at the Fiscal Year 1986 appropriated levels, as reduced by the March 1, sequester and setting the program levels for guaranteed loans at the CBO current services levels.

The Fiscal Year 1986 appropriations bill, however, did not include other significant legislative changes which were included in the Conference Agreement. Those reforms, agreed to by the House and Senate Small Business Committees but yet to be enacted into law, constitute important changes in the 7(a) guarantee loan program, the Small Business Investment Company (SBIC) program, the 503 Certified Development Company program and the disaster loan program. All of these programs are included in the CBO current services spending baseline that is under the exclusive jurisdiction of this Committee. Specifically, the Conference Agreement would raise the guaranty fee on Section 7(a) loans from 1 percent to 2 percent; lower the percentage of SBA guaranty on 7(a) loans from 90 percent to 85 percent for loans over $155,000; and move toward selling the debentures of SBIC's and Section 503 Certified Development Companies debentures in the private capital markets rather than to the Federal Financing Bank. Furthermore, under the Conference Agreement, SBA would be prohibited from making agricultural disaster loans for disasters declared after September 30, 1985 and the non-physical disaster program would be eliminated. These reforms constitute the core of our recommendations and would achieve more than $2.0 billion of outlay savings over Fiscal Years 87-89. Finally, we are recommending taking the 503 Development Company program fully off-budget in 1988, a point not adressed in the Conference Agreement. According to CBO, our recommendation generates savings as follows:

CBO Estimate of Savings
(in millions)
(from CBO's Current Services)

| | FY 1987 | FY 1988 | FY 1989 | Total |
|---|---|---|---|---|
| Budget Authority | 473 | 971 | 1,102 | 2,546 |
| Outlay | 532 | 1,067 | 1,284 | 2,883 |

Our recommendations include no increases over the CBO current services baseline. Instead our recommendations call for significant decreases in the aforementioned programs. Over three years our proposal will reduce SBA's budget by more than 70 percent, by reducing outlays from $1.28 billion in Fiscal Year 1987, according to CBO current services baseline, to $363 million in Fiscal Year 1989. Our recommended spending levels in million of dollars compared to the CBO baseline is as follows:

| | FY 87 | | FY 88 | | FY 89 | |
|---|---|---|---|---|---|---|
| | BA | OT | BA | OT | BA | OT |
| CBO Current Services Spending Baseline (Functions 370&450) | 1511 | 1289 | 1797 | 1563 | 1757 | 1647 |
| Committee Recommendation | 1038 | 757 | 820 | 496 | 655 | 363 |

A summary of the Conference Agreement and our recommendations are as follows:

SUMMARY OF THE PROGRAM CHANGES
FOR THE BUDGET COMMITTEE

- Retain SBA as an independent agency with all of its core of financial, management and procurement assistance programs intact.
- Maintain the loan portfolio for normal collection.
- Eliminate all direct loans except for economic opportunity, MESBIC's, handicapped and veterans loan programs, and freeze those programs at the FY 86 appropriated levels.
- Eliminate the non-physical disaster program.
- Eliminate farmers' eligibility for SBA disaster loan assistance, for disasters declared after September 30, 1985.
- Require Small Business Investment Companies to sell their debentures in the private capital markets.
- Require all 503 Certified Development Company debentures be sold to the private capital markets by FY 88.
- Maintain guarantee loan programs at current services levels.
- Increase the fee for 7(a) borrowers from one to two percent and set the maximum guarantee for loans over $155,000 at 85 percent, and for loans under $155,000 require a 90 percent guarantee.

- o Maintain salaries and expenses at the current services levels.

Attached as an Appendix to this letter is a summary of CBO's estimated cost savings from our proposal.

## Business Loan And Investment Fund (BLIF)

The financial assistance programs of the SBA are funded through the Business Loan and Investment Fund. General business loans, both direct loans and guaranteed loan repurchases, loans to certain targeted groups such as veterans and the handicapped, and investment company and certified development company loan programs have all been included in this revolving fund.

Under the terms of the Conference Agreement on H.R. 3128, all direct lending would be eliminated with the exception of modest programs for the handicapped, veterans, minority enterprise small business investment companies (MESBICs) and economic opportunity loans. As noted earlier, the specific authorization levels set forth in the Conference Agreement have been reduced to reflect the impact of the sequester order of March 1st.

The CBO current services baseline for BLIF in Fiscal Year 1987 assumes a $101 million direct loan program level and a $3.347 billion guaranteed lending program level. Our recommendation makes no change from the 1987 current services baseline for guaranteed loans and freezes the direct loan program levels at $96.6 million, the Fiscal Year 1986 appropriated level as adjusted by the March 1 sequester order, and without an increase for inflation which the CBO baseline generally assumes. For the guaranteed loan programs, we recommend the current services baseline, which includes an adjustment in the out-years for anticipated inflation.

The following chart provides a breakdown of BLIF appropriated program levels in Fiscal Year 1986 as adjusted by the March 1 sequester order, and the program levels that we recommend for Fiscal Years 1987-89.

## BUSINESS LOAN AND INVESTMENT FUND
## SMALL BUSINESS ADMINISTRATION

Program Levels
($ in millions)

| | FY 1986 Appropriated* | Small Business Committee Recommended Program Levels | | |
|---|---|---|---|---|
| | | 1987 | 1988 | 1989 |
| General Business Loans | $2536.1 | $2624.0 | $2727.0 | $2848.0 |
| Direct & IP | 0.0 | 0.0 | 0.0 | 0.0 |
| Guaranteed | 2536.1 | 2624.0 | 2727.0 | 2848.0 |
| Handicapped Loans | 19.2 | 19.4 | 19.4 | 19.4 |
| Direct & IP | 14.4 | 14.4 | 14.4 | 14.4 |
| Guaranteed | 4.8 | 5.0 | 5.0 | 5.0 |
| Economic Opportunity Loans | 81.3 | 82.9 | 85.9 | 87.9 |
| Direct & IP | 23.9 | 23.9 | 23.9 | 23.9 |
| Guaranteed | 57.4 | 59.0 | 62.0 | 64.0 |
| Energy Loans | 14.4 | 15.0 | 16.0 | 16.0 |
| Direct & IP | 0.0 | 0.0 | 0.0 | 0.0 |
| Guaranteed | 14.4 | 15.0 | 16.0 | 16.0 |
| Development Company Loans | 383.0 | 396.0 | 412.0 | 430.0 |
| Direct & IP | 0.0 | 0.0 | 0.0 | 0.0 |
| Guaranteed | 450.0 | 396.0 | 412.0 | 430.0 |
| Investment Company Loans | 278.4 | 287.2 | 296.2 | 308.2 |
| Direct & IP | 39.2 | 39.2 | 39.2 | 39.2 |
| Guaranteed | 239.2 | 248.0 | 257.0 | 269.0 |
| Veterans Loans | 19.1 | 19.1 | 19.1 | 19.1 |
| Direct & IP | 19.1 | 19.1 | 19.1 | 19.1 |
| Guaranteed | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Business Loans | 3331.3 | 3443.6 | 3574.6 | 3729.6 |
| Direct & IP | 96.6 | 96.6 | 96.6 | 96.6 |
| Guaranteed | 3234.7 | 3347.0 | 3478.0 | 3633.0 |

*Includes the 4.3% reduction under Gramm-Rudman-Hollings.

## 7(a) Guaranteed Lending Program

The guaranteed lending program under Section 7(a) of the Small Business Act has been the largest SBA lending program. The 7(a) program fills a critical void in the credit market by providing small enterprises with long-term loans which are generally not available from banks, absent the SBA guarantee. Testimony before the Committee and studies have demonstrated that this program assists a significant number of small businesses that regularly seek financing to meet their long-term financing needs.

In recent years the Committee has strongly supported the 7(a) guaranteed loan program and tried to enhance its effectiveness. In 1984, Congress passed and the President signed into law P.L. 98-352, legislation recommended by the Committee which opened up new sources of capital for small businesses through an improved secondary market for SBA-guaranteed loans. This law allows SBA, for the first time, to pool the guaranteed portion of loans for sale in aggregate lots to larger, institutional investors who normally do not invest in the small business sector. While fully supporting the program, we also recognize the need to increase revenue and reduce losses. Therefore, the Committee has recommended further reforms in the program.

Under current law, the SBA charges a 1 percent fee for loans guaranteed under the 7(a) program, and it is required to guarantee not less than 90 percent of the amount of a loan of $100,000 or less and may not guarantee more than 90 percent of a loan over $100,000. We recommend that the fee to the borrower be statutorily increased from 1 percent to 2 percent. Furthermore, our proposal is that guaranteed loans of up to $155,000 carry a 90 percent guarantee and guaranteed loans over $155,000 carry a maximum guarantee of 85 percent. The CBO estimates that these reforms, which are incorporated in the Conference Agreement, would generate $8 million of outlay savings in Fiscal Year 1987 and $48 million of savings over Fiscal Years 1987-89.

## Small Business Investment Companies (SBIC's)

The Small Business Investment Act of 1958, which authorized the Small Business Investment Company (SBIC) Program, recognized "that small business concerns are faced with a real difficulty in obtaining long-term and equity capital required for adequate growth and development. Commercial banks are not able to furnish such financing; their function lies primarily in short and intermediate-term lending; they do not supply venture capital or long-term credit". Since its inception, the SBIC industry has become a major source of equity capital for small businesses, and it now represents over 20 percent of venture capital funds dispersed.

SBIC's and Minority Enterprise Small Business Investment Companies (MESBIC's) are SBA-licensed companies which provide equity capital and long-term loans, through a private and public sector partnership to small businesses. SBIC's are responsible for many of our nation's great small business success stories. Companies which have stimulated the economy and provided thousands of jobs, such as Cray Research Inc., and Essence Magazine, would not have succeeded without SBA financing.

In return for a commitment to invest in small businesses, SBIC's are licensed by the SBA and authorized to issue debentures backed by federal guarantees. SBIC's obtain funding by selling debentures to the Federal Financing Bank at the cost of money to the Treasury, plus a premium. There is no government subsidy attached to the loan. MESBIC's, as noted earlier, receive some funding through the direct purchase of debentures by SBA. To be licensed as an SBIC, an applicant must have at least $1 million in private, paid-in capital. Before an SBIC or MESBIC can obtain any leverage funds, it must have first committed at least 60 percent of its own capital to investments in small business concerns.

Under current law, SBIC's are funded through the Federal Financing Bank (FFB) when they present 100 percent SBA-guaranteed debentures for financing. Under the unified budget, financing through the FFB is scored as a direct loan. In order to achieve significant savings while preserving this important program, the Committee has explored different financing mechanisms which would transfer the program to the private capital markets. Accordingly, our proposal, which was previously endorsed by the Senate when S. 408 and H.Con.Res. 32 were passed, is to require SBIC's to take their debentures, with an SBA-guaranty, directly to the private capital markets for financing. The SBIC industry utilized this financing mechanism successfully from 1971 through 1974. Thus, rather than receiving financing directly from FFB, SBICs would again receive funding from investors who choose to purchase their debentures. In order to improve the efficiency of this approach, we also recommend that authorization be provided for the sale of SBIC debentures in pools, similar to the authority provided in P.L. 98-352 for 7(a) guaranteed loans, a legislative change which will have no budget impact.

The CBO current services baseline for the SBIC program in Fiscal Year 1987 assumes a $248 million program level, with modest increases in the out-years for inflation. According to CBO, our proposal would achieve $225 million of outlay savings in Fiscal Year 1987.

## Section 503 Certified Development Company Loan Program

The Small Business Administration's section 503 Certified Development Company Program is one of the Federal Government's primary economic development programs. It provides "brick and mortar" financing to healthy small businesses seeking to expand and create jobs.

Section 503 authorizes the SBA to guarantee debentures issued by Certified Development Companies (CDC's) to finance the acquisition of land, plant, and equipment for small business expansion. A commitment for a substantial number of new jobs resulting from the expansion is required before any such loan can be made. The SBA-guarantee debenture can cover up to 40 percent of the project costs; 10 percent comes from the small business itself; and the remaining 50 percent comes from a private sector, third party lender, such as a bank. Maturities on these loans can be for up to 25 years.

Since the program's inception in 1980, over 540 CDC's have been approved and over one billion dollars in economic development loans have been approved, generating approximately 130,000 jobs. The vast majority of the jobs created have been permanent jobs in the manufacturing and wholesale-retail industries. In every fiscal quarter since the creation of the 503 program more jobs have been created and the Federal commitment per job has declined. Thus, the section 503 program is an excellent example of a Federal jobs program that works, and works well.

Like the SBIC program, the 503 program is funded through the Federal Financing Bank (FFB) when the Development Companies' SBA-guaranteed debentures are presented for financing. Also, like SBICs, the CBO current services spending baseline included this account under the "sole jurisdiction" of this Committee.

In order to preserve adequate funding for this program and to achieve budget savings, we recommend that a pilot program be established to sell 503 debentures to the private capital markets in 1987, and that all 503 debentures be sold to private investors in Fiscal Year 1988. We recommend a program level for the 503 program in Fiscal Year 1987 of $396 million, which is the same as the CBO current services baseline.

The CBO estimates that these recommendations generate $626 million of outlay savings in Fiscal Years 1987-89.

## Disaster Loan Revolving Fund

Under the Disaster Loan programs SBA makes direct loans to homeowners and businesses, including agricultural enterprises, to cover uninsured losses caused by physical disasters. In addition, small businesses have been eligible for "non-physical" disaster assistance when affected by occurrences specified in statute, such as businesses impacted by foreign currency devaluation or the Department of Agriculture's Payment-in-Kind program.

Last year both the Senate-passed bill, S. 408, and the House Small Business Committee bill eliminated farm disaster lending at SBA. Therefore, the Conference Agreement on H.R. 3128 discontinues farmer eligibility as well, in addition to termination of the non-physical disaster loan program.

The CBO estimates that $297 million of outlay savings in Fiscal Year 1987 would be generated by the adoption of these reforms.

## Pollution Control Equipment Contract Guarantee Program

By amendments in 1976 to the Small Business Investment Act of 1958, Congress authorized the Small Business Administration to guarantee 100 percent of the payments due from eligible small businesses under qualified contracts for the planning, design, financing or installation of pollution control facilities or equipment which have been mandated by governmental pollution control regulations. Financing of such contracts may be obtained from the proceeds of tax-exempt bonds issued by state or municipal authorities.

CBO current services baseline assumes a program level of $50 million in Fiscal Year 1987. We recommend the same program level in Fiscal Year 1987. CBO estimates that $14.5 million of budget authority will be required in order to maintain this program level.

## Surety Bond Guarantee Program

Under SBA's Surety Bond Guarantee (SBG) Program, small businesses which are unable to obtain from conventional securities the payment and performance bonds required for federal and federally-funded construction contracts may apply to SBA for a partial guaranty of their surety contract at a nominal cost to both the business and the government. Small firms with limited track records and limited resources often find difficulty in obtaining bonds from commercial bonding companies at reasonable costs. Since the inception of the SBA program in 1971, surety bonds have been guaranteed permitting the award of $12.0 billion in contracts to small businesses.

This program has helped thousands of small construction contractors to enter the federal, state, or local markets, and it has more than paid for itself solely through savings from the lower bids made available to the government.

This is solely a guarantee program; therefore, the amount appropriated is used only to honor the guarantee on defaulted bonds.

The CBO current services baseline assumes a Fiscal Year 1987 program level of $1.109 billion, which is our recommendations for Fiscal Year 1987. These recommendations result in a cost of only $13.3 million in budget authority to cover losses. Presently, demand on the program is far exceeding available resources because of retrenchment by traditional surety carriers. Although an increase in the program level is probably justified and clearly needed, we recognize that it is unlikely that the Senate would approve an increase in any program, regardless of its merits, under the present fiscal crisis.

## Salaries And Expenses

Under salaries and expenses, all of the agency's non-lending functions are funded. Although increased responsibilities and activities, particularly in the areas of management assistance, portfolio management and procurement assistance, have placed greater demands on the Agency, we recommend no increase in this account at this time.

The CBO current services baseline assumes a funding level for salaries and expenses in Fiscal Year 1987 of $297 million in budget authority. Our recommendations do not differ.

## MAJOR PRESIDENTIAL BUDGET REDUCTION PROPOSALS

We oppose the Presidential proposal to eliminate SBA's credit assistance programs and transfer the loan portfolio to the Treasury for sale, because we believe this course would worsen the federal deficit in the long run.

The Government's receipts in the long-term from portfolio management would be greater than under the proposed "distress sale". Under the President's proposal SBA's loan portfolio having a face value of $12 billion would be sold for an estimated $2.7 billion. Based on the historical pattern of collections, SBA should be able to collect about 90 cents on a dollar for a total of $10 billion. Thus, the President's proposal could cost the Government over $7 billion, based on the simplest of calculations.

With the sale of assets, the President's proposal achieves $5.2 billion in outlay savings for Fiscal Years 1987-89. The proceeds from the loan sale represent 46 percent, or $2.4 billion of those savings. By subtracting the sale of the proceeds, the President's proposal achieves $2.8 billion of savings. This compares to the Committee's proposal which for Fiscal Years 1987-89 achieves $2.88 billion of outlay savings, without selling valuable assets and discontinuing important services.

Small businesses lead the nation in job creation, innovation and research, and productivity. We believe that such a vital segment of our economy deserves to have a strong and viable independent agency in the Federal government to serve its interests. The Small Business Administration (SBA) is the only Federal agency whose sole mission has been to serve small businesses, and it has generally served its constituency well.

The President's proposal completely ignores SBA's accomplishments, including the reflow of tax dollars to the Treasury from private sector jobs in growing businesses created because of SBA's financial ability. Moreover, although difficult to quantify, the Congress must consider the human cost of lost opportunities to our citizens and our country if the Cray Researches and Apple Computers of tomorrow are unable to make a start, as those companies were, without SBA-funded assistance.

Sincerely,

Dale Bumpers

DALE BUMPERS
Ranking Minority Member

LOWELL P. WEICKER, Jr.
Chairman

## APPENDIX I

### SUMMARY OF SAVINGS
($ in millions)

### FUNCTION 370

| CBO Current Services Baseline: | FY 1987 BA | FY 1987 Outlay | FY 1988 BA | FY 1988 Outlay | FY 1989 BA | FY 1989 Outlay |
|---|---|---|---|---|---|---|
| Salaries and Expenses | 297 | 298 | 304 | 302 | 311 | 309 |
| Business Loan & Investment Fund | 342 | 336 | 355 | 361 | 344 | 350 |
| Pollution | 14.5 | 14.1 | 15.1 | 14.9 | 15.7 | 15.5 |
| Surety | 13.3 | 12.1 | 13.9 | 13 | 14.5 | 13.6 |
| Federal Financing Bank 503 | 383 | 345 | 396 | 348 | 412 | 352 |
| Federal Financing Bank SBIC | 248 | 122 | 257 | 120 | 269 | 119 |
| TOTAL FUNCTION 370 | 1298 | 1128 | 1341 | 1159 | 1366 | 1159 |
| **Small Business Committee Proposal:** | | | | | | |
| Salaries and Expenses | 297 | 298 | 304 | 302 | 311 | 309 |
| Business Loan & Investment Fund | 330 | 326 | 332 | 340 | 314 | 321 |
| Pollution | 14.5 | 14.1 | 15.1 | 14.9 | 15.7 | 15.5 |
| Surety | 13.3 | 12.1 | 13.9 | 13 | 14.5 | 13.6 |
| Federal Financing Bank 503 | 383 | 345 | 155 | 114 | 0 | -40 |
| Federal Financing Bank SBIC | 0 | -103 | 0 | -94 | 0 | -86 |
| TOTAL FUNCTION 370 | 1038 | 893 | 820 | 690 | 655 | 533 |
| TOTAL FUNCTION 370 SAVINGS | 260 | 235 | 521 | 469 | 711 | 626 |

### FUNCTION 450

| | FY 1987 BA | FY 1987 Outlay | FY 1988 BA | FY 1988 Outlay | FY 1989 BA | FY 1989 Outlay |
|---|---|---|---|---|---|---|
| CBO Baseline | | | | | | |
| Disaster Loan Fund | 213 | 161 | 450 | 404 | 391 | 488 |
| Small Business Committee Proposal | 0 | -136 | 0 | -194 | 0 | -170 |
| TOTAL FUNCTION 450 SAVINGS | 213 | 297 | 450 | 598 | 391 | 658 |

| | FY 1987 BA | FY 1987 Outlay | FY 1988 BA | FY 1988 Outlay | FY 1989 BA | FY 1989 Outlay |
|---|---|---|---|---|---|---|
| CBO Current Services Spending Baseline (Functions 370&450) | 1511 | 1289 | 1797 | 1563 | 1757 | 1647 |
| Committee Recommendation | 1038 | 757 | 820 | 496 | 655 | 363 |
| TOTAL SAVINGS | 473 | 532 | 971 | 1067 | 1102 | 1284 |

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

February 27, 1986

Honorable Pete V. Domenici
Chairman
Honorable Lawton Chiles
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Pete and Lawton:

Six of the Majority Members of the Committee on Veterans' Affairs (hereinafter referred to as Majority Members) are submitting their views and estimates with respect to the Fiscal Year 1987 budget for the Veterans' Administration and the Department of Labor's Employment and Training Programs.

We submit these views and estimates after careful review of the Administration's Fiscal Year 1987 budget request for veterans' programs and services; and all the testimony presented by the Veterans' Administration, the Department of Labor, and the veterans' service organizations at the Committee hearing on the budget held on February 20, 1986.

The full Committee met on February 25, 1986 to mark-up the Committee's views and estimates for veterans' programs for Fiscal Year 1987. The Chairman presented his mark, and an amendment was presented by the Ranking Minority Member. Our marks were distinguished by only a few issues. Two votes were taken on Senator Cranston's mark, which failed by votes of 6-6 and 5-7. The Chairman's mark failed on a tie vote of 6-6. Since the Committee was unable to agree on a unified recommendation to the Budget Committee, we regret that we must submit separate views and estimates on the Fiscal Year 1987 budget. Accordingly, the Majority Members of the Committee on Veterans' Affairs submit the following views and estimates on the Fiscal Year 1987 budgets for the Veterans' Administration and Department of Labor's Employment and Training Programs for veterans.

We have complied to the maximum extent possible with your February 13, 1986 letter requesting us to use the suggested format for our report which addresses three elements: spending levels which would affect current services levels, credit levels which would affect current services levels, and our position on each of the President's major budget reduction proposals. We have reported for Fiscal Year 1987 on each of these elements. The Majority Members have not included any outyear projections since we feel any estimates at this time are purely speculative at best. Each of these elements reflects our views on recommended changes to the current services baseline, as requested, and are included in the attachments.

In contrast to the attachments which reflect recommended adjustments to the current services baseline, the balance of this letter will highlight our recommendations on the major proposals of the President's budget request. Thus, our views and estimates will focus on adjustments to the President's budget request.

## OVERVIEW

The President has requested $26.6 billion in budget authority and $26.4 billion in outlays for the Veterans' Administration for Fiscal Year 1987. We recommend a restoration of $216 million and $351 million in budget authority and outlays, respectively, for a total recommended level of $26.8 billion in budget authority and $26.75 billion in outlays. The difference between this budget authority total and the one used in the attachment (which reflects adjustments to current services baseline as estimated by the Congressional Budget Office) is due to different assumptions utilized for each. Our recommended funding level above the President's request would not exceed the current services baseline.

## COLA'S

We support the Administration's request for a 3.7% cost-of-living adjustment (COLA) for the veterans' compensation, dependency and indemnity compensation (DIC) program, and pension programs for Fiscal Year 1987, based on current economic projections. We believe the COLA percentages should be consistent with the projection of the Social Security COLA, which may be adjusted prior to the December 1, 1986 effective date.

If the Budget Committee recommends an across-the-board freeze on all entitlement program COLA's, we would not object to the inclusion of veterans' programs in that freeze.

However, we oppose strongly any proposal to freeze a COLA for the service-connected disability compensation and dependency and indemnity compensation programs if any other COLA's are granted.

## MEDICAL CARE

Staffing level. We recommend a restoration of 7,542 FTEE to the medical care account at an estimated cost of $301.7 million in budget authority and outlays for Fiscal Year 1987. This would increase the President's requested FTEE level of 185,093 to 192,635, which is the Fiscal Year 1986 post-sequester level.

The VA has testified that it would be difficult to manage VA medical care programs with the large staff reduction proposed in the President's budget request. We share this view. By restoring the 7,542 FTEE, we believe that this will alleviate the deep cut in medical care staffing which the Administration has proposed. This restoration is entirely consistent with the letter and spirit of the recent sequester order since the FTEE to be restored would equal the post-sequester level. We feel that any addition over this level would violate the spirit of deficit reduction under Gramm-Rudman-Hollings, since it would undue the reductions already mandated by law for Fiscal Year 1986 medical care staffing and attempt to bypass the special consideration already provided to the medical care account under the one percent sequester limitation.

Beneficiary travel. The Majority Members support the Administration's request of $10 million for beneficiary travel, which is a reduction of $95 million from the current services level for Fiscal Year 1987. At a time of limited resources this represents an effort to avoid deeper reductions in direct medical care programs and services. The $10 million requested by the Administration should be used to provide for economically needy veterans, special modes of transportation and for medical emergencies.

Decentralized Hospital Computer Program (DHCP). We support the President's Fiscal Year 1987 budget request for this program. We are, however, concerned with the benefit derived from the services delivered by this system and we recommend that the Veterans' Administration re-evaluate the direction of this program, and assess the success of its current capabilities.

## CONSTRUCTION

Major Construction. We recommend the restoration of $35 million budget authority and outlays above the President's Fiscal Year 1987 budget request for construction-major projects for the VA to utilize as it deems appropriate. Although the Committee has been critical of certain Veterans' Administration construction policies and endorsed downsizing of major hospital construction, replacement and modernization projects, we believe that the funding requested is too low, especially considering the need for repair in some existing medical centers and the need for additional nursing home beds. We recommend that the VA consider using the funds we would restore for high priority programs such as nursing homes, fire and safety projects, and clinical improvement and design funds.

Collocation. We propose the restoration of a net increase of $6.9 million budget authority and outlays over the President's Fiscal Year 1987 request for the collocation of two VA regional offices with medical centers at Wichita, Kansas and Little Rock, Arkansas. We have been advised that the VA is ready and can proceed with these collocations in Fiscal Year 1987 if the needed funds are provided. The VA estimates the costs to be $5.4 million for the Wichita collocation project, and $3.4 million for the Little Rock project. Our recommendation is to restore $8.8 million budget authority and outlays to the major construction account and to reduce the minor construction account budget authority and outlays by $1.9 million for Fiscal Year 1987. The reduction offset represents the amount the VA had intended to use from existing funds to initiate the collocation at Little Rock.

Staffing for the VA Office of Construction. We recommend a reduction of 50 FTEE during Fiscal Year 1987 from the current Office of Construction, at an estimated savings of $2 million in budget authority and outlays. This would require the VA Central Office to streamline the current layering of personnel in the Office of Construction. The reduction is not intended to apply to the Office of Facility Planning in the Department of Medicine and Surgery. We believe that the recommended staff reduction is appropriate at a time when the Office of Construction is going through a major reorganization and the recommended total construction budget for Fiscal Year 1987 is greatly reduced.

## VA LOAN GUARANTY PROGRAM

We reject the Administration's proposal to increase the origination fee for the VA Home Loan Guaranty Program to 2 percent for Fiscal Year 1987 with additional increments to 3.8 percent by Fiscal Year 1990. The Majority Members believe that substantial savings can be achieved through reasonable programmatic reform thereby alleviating the necessity for additional funding. By rejecting this proposal, we must also reject the Administration's estimated $131.8 million outlay savings for Fiscal Year 1987. To offset these savings, we intend to proceed with legislative reforms, similar to those passed by this Committee and the Senate last session in S. 1887, in order to strengthen the solvency and integrity of this program. If this is accomplished, we estimate the costs of such programmatic reform would be $3 million in budget authority, but would achieve $53 million outlay savings for Fiscal Year 1987.

## EDUCATION BENEFITS

We categorically reject the Administration's proposal to terminate the new GI bill and in its place to reinstitute the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP). By rejecting this proposal, we estimate Fiscal Year 1987 VA savings of $84.8 million budget authority and $25.6 million outlays from the President's request. This proposal is clearly premature since the new three year pilot GI bill program is in its first year of operation, and there is no sound policy basis to justify this proposal.

## VETERANS' JOB TRAINING

Since an appropriation of up to $65 million was authorized by PL 99-238, [enacted January 13, 1986], we recommend, at this time, a supplemental appropriation for Fiscal Year 1986 in the amount of $55 million and request no new funds for Fiscal Year 1987, since the Veterans' Administration did not request any new funding. Although the Committee authorized additional funding for the program last session, no appropriation was provided.

## BURIAL BENEFITS

We reject the Administration's proposal to restrict eligibility for VA plot allowances and we thereby must reject the Administration's estimated $31.2 million budget authority and outlay savings for Fiscal Year 1987.

## DEPARTMENT OF LABOR BUDGET

We support the Administration's budget request for the Department of Labor's Employment and Training Programs for veterans. However, we express our concern over the reduced Local Veterans' Employment Representatives (LVER) levels and we note that we intend to monitor the program to ensure that realistic workload assessments warrant the proposed LVER reductions and the LVER reductions will not have a serious detrimental effect on the operation of the program.

## LAND SALES

We support the Administration's efforts to identify excess properties held by the Veterans' Administration for which the Agency has no current or projected need. In agreeing to the Administration's proposal, the Majority Members recommend that proceeds from the sale of such properties be used for the direct benefit of veterans.

We support the Administration's plans to transfer two parcels of VA property located at the West Los Angeles Medical Center and the VA Medical Center at Sepulveda, California to the General Services Administration for dispostion.

## VA MEDICAL CARE ELIGIBILITY AND THIRD PARTY REIMBURSEMENT

We reject the Administration's proposed means test as too stringent. We note that the Congressionally-passed alternatives for revised medical-care eligibility, income eligibility, and third party reimbursement which were previously passed by the Senate as part of the "Consolidated Omnibus Budget Reconciliation Act of 1985", is currently pending in the House of Representatives. At this time, enactment and implementation dates and subsequent cost estimates are not available. Thus we, are unable to make any estimate of the net budgetary impact.

## UNSPECIFIED SAVINGS

As part of our recommendations, we include $75 million unspecified budget authority and outlay savings to offset the restoration of funds we have recommended over the President's budget request for Fiscal Year 1987.

The Majority Members underscore our firm commitment that Congress and the Nation must take responsible action to reduce the federal deficit. After carefully reviewing the President's request, we believe that our commitment to the integrity of the Veterans' Administration's programs and to our Nation's veterans requires us to recommend the above-mentioned restorations of funds above the President's request. We have deliberated long and hard on the appropriate funding levels and believe we have made responsible choices. Our recommendation includes certain cost-savings proposals to partially offset recommended increases, and we have endorsed some of the President's cost savings proposals.

Our view is that, the funding level we recommend for the Veterans' Administration is fair and reasonable. The increased level we recommend is reasonable in light of the high priority of this domestic program for our Nation's veterans.

Sincerely,

Frank H. Murkowski
Chairman

Strom Thurmond

Alan K. Simpson
Strom Thurmond
Robert T. Stafford

Jeremiah Denton

Jeremiah Denton
Rudy Boschwitz

### COMMITTEE ON VETERANS' AFFAIRS
### Recommended Spending Levels
### ($ billions)

| | FY 1987 | | FY 1988 | | FY 1989 | | FY 1990 | | FY 1991 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | BA | O | BA | O | BA | O | BA | O | BA | O |
| Baseline level a/ | 28.4 | 27.9 | 28.9 | 28.6 | 29.3 | 28.9 | 29.6 | 29.2 | 30.2 | 29.9 |
| **Recommended decreases:** | | | | | | | | | | |
| Program A: Repeal Authority for VA to make education loans | - | - | | | | | | | | |
| Program B: Veterans' Job Training Act | -.052 | b/ | | | | | | | | |
| Program C: Construction - major | -.175 | b/ | | | | | | | | |
| Program D: Construction - minor | -.029 | -.007 c/ | | | | | | | | |
| Program E: Reduce FTEE for the current VA Office of Construction | -.002 | -.002 | | | | | | | | |
| Program F: Reduce funding for Beneficiary Travel | -.095 | -.095 | | | | | | | | |
| Program G: Medical Administration and Miscellaneous Operating Expenses | -.009 | -.008 | | | | | | | | |
| Program H: Grants for state cemeteries | -.003 | -.003 | | | | | | | | |
| Program I: Programmatic reform for VA Home Loan Guaranty Program | - | -.053 | | | | | | | | |
| Program J: Unspecified savings | -.075 | -.075 | | | | | | | | |
| **Recommended increases:** | | | | | | | | | | |
| Program K: President's requested 3.7% compensation COLA (net increase over 3.4% COLA assumed by CBO) | +.013 | +.011 | | | | | | | | |
| Program L: Collocation of two VA Regional Offices with VA Medical Centers | +.007 | +.007 | | | | | | | | |
| Program M: Medical care: for contracts for home health services and administrative costs of implementation of health care eligibility reform | +.002 | +.002 | | | | | | | | |
| Program N: Grants for state extended care facilities | +.020 | - | | | | | | | | |
| Program O: Medical and Prosthetic research | +.005 | +.005 | | | | | | | | |
| Program P: Programmatic reform for VA Home Loan Guaranty Program | +.003 | - | | | | | | | | |
| Program Q: General Operating Expenses | +.038 | +.035 | | | | | | | | |
| Program R: General Operating Expenses resouces for VA General Counsel | +.001 | +.001 | | | | | | | | |
| Total level recommended by the Committee | 28.05 | b/ | * | * | * | * | * | * | * | * |

a/ Total "current services" baseline level for programs under Committee's jurisdiction as shown on the CBO computer listing provided by the Senate Committee on the Budget.

b/ Estimate is not available at this time.

c/ Based on CBO reestimate of outlays for President's budget request.

* No recommendation is included.

## COMMITTEE ON VETERANS' AFFAIRS

## NARRATIVE STATEMENT ON RECOMMENDED SPENDING LEVELS

### Recommended Decreases

### Program A: Education Loan Fund

The Majority Members of the Committee endorse the Administration's legislative proposal to repeal the authority that permits the VA to make education loans effective October 1, 1986, and the FY 1987 outlay savings estimate of $44 thousand from the current services baseline. This program has historically experienced a default rate of over 75 percent and is expected to serve only 44 veterans in Fiscal Year 1987. Authorizing legislation would be required.

### Program B: Veterans' Job Training Act

During last session, this program was re-authorized by the Committee for FY 1986 with a recommended funding of $65 million. Since the authorization of appropriations for the program will expire at the end of FY 1986, there will be a $52 million reduction of budget authority from the current services baseline. Although the Veterans' Administration has not requested additional funding for this program, the Majority Members recommend additional funding for the remainder of FY 1986, to ensure that eligible veterans who seek the benefit of this program can be served. Accordingly, we recommend a supplemental appropriation of $55 million for FY 1986, which is the major portion of the $65 million which we authorized in P.L. 99-238. A supplemental appropriation would be required.

### Program C and D: Construction (Major and Minor)

The Majority Members endorse the Administration's request for reduced construction funding for FY 1987. However, we feel the reduction for the major construction account was too severe. Thus, we recommend the restoration of $35 million in budget authority and outlays for FY 1987 to be allocated at the discretion of the VA. We recommend, however, that the VA consider using restored funds for high priority programs such as: nursing homes, fire and safety projects, and for clinical improvement and design funds. No legislation would be required.

### Program E: FTEE Reduction for VA's Current Office of Construction

The Majority Members recommend a reduction of 50 FTEE from the VA's current Office of Construction which we estimate will reduce the baseline budget authority and outlays by approximately $2 million. We make this recommendation to require VA Central Office to reduce the number of personnel in this Office before a planned reorganization occurs. This staff reduction is consistent with the greatly reduced medical facility construction budget request submitted by the Administration for FY 1987. No legislation would be required.

### Program F: Beneficiary Travel

The President's budget request recommends an FY 1987 reduction of approximately $95.2 million in budget authority and outlays from the beneficiary travel program. Ten million dollars of the current $105.2 million program level will be retained for emergency and special modes of travel. The Majority Members support the President's proposal and believe it is a reasonable vertical reduction in light of current fiscal restraints and more pressing direct medical care priorities. This vertical reduction achieves savings in an indirect medical care program and reallocates staff to direct medical care. We feel this is a better alternative to reductions of direct patient care services. It is also our view that beneficiary travel payments should be provided to those veterans who are economically needy. No legislation would be required.

### Program G: Medical Administration and Miscellaneous Operating Expenses

The Administration requests $42.7 million in budget authority and $43.9 million in outlays for medical administration and miscellaneous operating expenses. This is a reduction of $9 million in budget authority and $8 million in outlays from the current services baseline. The Majority Members support the Administration's request. No legislation would be required.

### Program H: Grants for State Cemeteries

The President's Fiscal Year 1987 budget request recommends no new funding for grants for the construction of State Cemeteries. This is a reduction of $3 million from the current services baseline. The Majority Members support the President's proposal because sufficient funds are available from prior years' appropriations to meet expected requirements. No legislation would be required.

### Program I: VA Home Loan Guaranty Program

The Majority Members of the Committee recommend a $53 million outlay decrease from baseline, which we will attempt to achieve through program reforms similar to those authorized by the Senate Veterans' Affairs Committee and the Senate last session as part of S. 1887. These reforms are intended to strengthen the program. Reforms include: requiring uniform credit underwriting standards similar to those used by the private sector, and changes in appraisal and foreclosure procedures. Anticipated savings from these programmatic reforms are intended to partially offset the Administration's proposal to increase the home loan origination fee, which we categorically reject at this time. Authorizing legislation would be required.

### Program J: Unspecified Savings

The Majority Members recommend unspecified savings of $75 million in budget authority and outlays as partial offsetting savings to the recommended increases to the President's budget request.

## Recommended Increases

### Program K: Compensation and Pension Cost of Living Adjustments (COLA'S)

The Majority Members strongly endorse the President's request for a 3.7% COLA for Fiscal Year 1987 for the veterans' compensation, dependency and indemnity compensation (DIC), and pension programs. These programs benefit service-connected disabled veterans, needy veterans, and their dependents and survivors. The President's 3.7% COLA differs from the CBO assumption of a 3.4% COLA for both programs due to differing economic assumptions, although both assume a December 1, 1986 effective date. The net difference is a $13 million budget authority and $11 million outlay increase from the current services baseline. We recommend the 3.7% COLA at this time, and in anticipation that the CPI may change again prior to the effective date, we recommend that the compensation COLA increase be equal to the VA pension COLA. Authorizing legislation would be required for a compensation COLA, but not for a pension COLA which is indexed to the CPI adjustment provided for Social Security beneficiaries.

### Program L: Collocation

The Majority Members recommend an increase of $8.8 million in budget authority and outlays to the VA major construction account, with a concurrent reduction of $1.9 million in budget authority and outlays from the VA minor construction account. We recommend this net restoration of $6.9 million for the collocation of VA regional offices with medical centers located at Wichita, Kansas and Little Rock, Arkansas. The VA has indicated that these collocation projects can be accomplished in FY 1987 if this recommended level of funding is provided. We endorse this initiative as a prudent and cost effective long-term planning effort which will facilitate accessibility to veterans who utilize both the benefits delivery systems of the VA and VA medical services.

We anticipate that the FY 1987 construction costs will be recovered through savings in General Services Administration (GSA) SLUC expenses. No legislation would be required.

### Program M: Medical Care: Home Health Care and Administrative Costs of Implementation of Health Care Eligibility Reform

The Majority Members support the Administration's request for budget authority and outlay funds of $2.3 million to be utilized to contract with the private sector for home health services for veterans, as well as resources to provide 99 additional FTEE for the VA Department of Medicine and Surgery for purposes of implementing a legislative proposal to reform medical care eligibility for non-service-connected veterans. We have previously stated that we categorically reject the Administration's means test. However, we believe that the requested funding for 99 FTEE should be retained in the event that the Congressional legislative alternative should prevail during this session which would require a similar increment to DM&S staff for implementation purposes.

### Program N: Grants for State Extended Care Facilities

The Administration requests $42.4 million for grants for the State Veterans' Home Program for FY 1987. The Majority Members support this increase of $20 million in budget authority over the current services baseline. The grants assist States in acquiring or constructing State nursing homes and domiciliary facilities and in remodeling, modifying, or altering existing hospital, nursing home or domiciliaries in State facilities providing care and treatment for veterans. We agree with the Administration's increased policy and program emphasis on extended care programs, including the goal of providing a greater share of nursing home care through VA-sponsored community and State programs. This increased funding level will support this goal by assisting in reducing the backlog of pending construction applications. No legislation would be required.

### Program O: Medical & Prosthetic Research

The Administration requests $188.9 million in budget authority and $187.3 million in outlays for medical and prosthetic research. This is a $5 million increase in the current program level in both budget authority and outlays. The Majority Members support the VA's research programs designed to increase medical and scientific knowledge in order to continue to meet the health care needs of veterans. We recognize the notable accomplishments of VA investigations in medical, rehabilitative, and health services delivery research. This funding level should enable the VA to continue its efforts in this area. The Members, however, express concerns about the reduction in the employment level for medical research, the relatively low level of funding for rehabilitation research projects compared to the total program level, and the relatively low level of funding for health services research projects as compared to the medical research and rehabilitative research funding levels. No legislation would be required.

### Program P: VA Home Loan Guaranty Program

The restoration of $3 million budget authority is associated with the programmatic reform discussed above in Program I. The bulk of this cost is associated with proposed reform in the VA appraisal process.

### Program Q: General Operating Expenses

The Majority Members note that a major portion of the increase over the current services baseline is requested for the Department of Veterans' Benefits ADP modernization plan. The Committee has not yet been supplied with a satisfactory comprehensive reorganization plan. Consequently, the Majority Members defer any specific comment on this modernization plan at this time.

### Program R: General Operating Expenses - General Counsel

The Majority Members support the Administration's request for $1 million budget authority and outlay funding for FY 1987. The purpose of this increase is to meet an additional workload associated with enactment of third-party reimbursement legislation.

## COMMITTEE ON VETERANS' AFFAIRS
Recommended Credit Levels
($ millions)

| | FY 1987 | | FY 1988 | | FY 1989 | | FY 1990 | | FY 1991 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | DL | LG | DL | LG | DL | LG | DL | LG | DL | LG |
| Baseline level a/ | 1,528 | 16,301 | 1,430 | 16,923 | 1,253 | 17,531 | 1,085 | 18,148 | 1,031 | 15,068 |
| Recommended decreases: | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Recommended increases: | | | | | | | | | | |
| Program A: Guaranteed loans by private lenders | | 2,699 | | | | | | | | |
| Total level recommended by the Committee | * | 19,000 | * | * | * | * | * | * | * | * |

DL = New direct loan obligations
LG = New primary loan guarantee commitments

a/ Total "current services" baseline level for programs under Committee's jurisdiction as shown on the CBO computer listing provided by the Senate Committee on the Budget.

* No recommendation is included.

## COMMITTEE ON VETERANS' AFFAIRS

## NARRATIVE STATEMENT ON RECOMMENDED CREDIT LEVELS

### Recommended Decreases

None

### Recommended Increases

### Program A: Veterans' Administration Home Loan Guaranty Program

New primary loan guaranty commitments. The Majority Members recommend an increase of $2.699 billion to the FY 1987 credit level for VA home loans guaranteed by private lenders, to a credit level of $19 billion for this entitlement program. As part of the President's budget request, the VA estimate of new loan guaranty commitments for FY 87 totals $14.0 billion. CBO estimates that loan guaranty commitments will total $16.3 billion for FY 87. The VA's revised estimate of activity for FY 86 is $18.2 billion. Emergency legislative action was required and passed by the House and the Senate on February 20, 1986 (H.R. 4130) to increase the FY 1986 guaranteed loan limitation for this program to $18.2 billion to avert what the VA predicted would be a serious interruption of the program because the guaranteed loan limitation based on the VA's inaccurate, low estimate would have been reached several months prior to the end of the fiscal year. Based on the current loan activity volume and an anticipated decline in the interest rates, the Majority Members of the Committee project that new loan guaranty commitments will total no less than $19 billion in FY 87. It is our hope that a credit level of $19 billion would be sufficient and would not require additional legislative action to adjust this level. There are many factors which contribute to the levels of activity within the housing industry and we feel that it is inappropriate, at this time, to recommend a specific estimate of loan activity for any of the outyears.

## COMMITTEE ON VETERANS' AFFAIRS

## RECOMMENDATIONS ON MAJOR PRESIDENTIAL BUDGET REDUCTION PROPOSALS

The Majority Members of the Committee support the following Presidential proposals:

Proposal A: Repeal of the authority that permits the VA to make education loans.

Proposal B: Reduction of beneficiary travel funding.

Proposal C: Excessing of two parcels of VA property located in California.*

The Majority Members of the Committee oppose the following Presidential proposals:

Proposal D: Restriction of eligibility for VA plot allowances.

Proposal E: Increase in the home loan origination fee to 2% for FY 1987 and phased increases to 3.8 percent by FY 1990, as unjustified until all programmatic reform options are achieved first.

Proposal F: Reduction of 7,542 FTEE below the FY 1986 post-sequester level for the VA medical care account. This would be too drastic a reduction which we feel will not only substantially reduce the quantity of care provided but would most likely jeopardize the quality of care because it would stretch staffing levels in VA medical facilities too far.

Proposal G: Repeal of the new GI bill and re-opening of the Post-Vietnam Era Veterans Program (VEAP) effective October 1, 1986. The new GI bill is only in the first year of a three year pilot program and no plausible justification has been provided to support this proposal.

The Majority Members of the Committee support a modified version of the following Presidential proposals:

Proposal H: Reduction of VA construction programs, with an increment over the funding level requested by the Administration.

Proposal I: Categorical rejection of the Administration's means-test as too stringent. We note that the Congressional alternatives to the Administration's means test and third party reimbursement are pending in the House of Representatives and would be more equitable to veterans.

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* This proposal has no direct deficit reduction impact on Function 700, although it would benefit the general Treasury.

FRANK H. MURKOWSKI, ALASKA, CHAIRMAN

ALAN K. SIMPSON, WYOMING
STROM THURMOND, SOUTH CAROLINA
ROBERT T. STAFFORD, VERMONT
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DENNIS DECONCINI, ARIZONA
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JOHN D. ROCKEFELLER IV, WEST VIRGINIA

ANTHONY J. PRINCIPI, CHIEF COUNSEL/STAFF DIRECTOR
JONATHAN R. STEINBERG, MINORITY CHIEF COUNSEL/
STAFF DIRECTOR

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

March 4, 1986

Honorable Pete V. Domenici
Chairman
Honorable Lawton Chiles
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Pete and Lawton,

We are writing to provide you with our views with respect to the FY 1987 budget for veterans' programs within the jurisdiction of our Committee.

We have very carefully reviewed the Administration's fiscal year 1987 budget for veterans' programs and the testimony of representatives of the Veterans' Administration, the Department of Labor, and veterans' service organizations at our February 20 hearing. In addition, we have given great weight to the urgent need to control federal spending in order to reduce the towering federal deficits. However, we also strongly believe that deficit-reduction efforts must be undertaken in a manner that is fair to our Nation's veterans and consistent with our obligations to those who have served and made such great sacrifices to keep our Nation free and strong.

We have taken the unusual step of submitting a separate statement of our views because, at our Committee's February 25 meeting to mark up a report of budget views and estimates on veterans' programs, our extensive efforts to reach a consensus of the Committee were unavailing and no proposal was able to gain the support of a majority of the members. The views expressed in this letter and enclosure with respect to Function 700, Veterans' Benefits and Services, as set forth in division 1 of the substitute amendment proposed by the ranking minority member, Senator Cranston, failed by a tie vote of 6 to 6. Our recommendation in opposition to the Administration's proposal to dispose of certain VA lands in Southern California in FY 1987, as set forth in division 2 of the Cranston substitute, was defeated by a vote of 7 to 5. The proposal of the Chairman, Senator Murkowski, failed by a tie vote of 6 to 6.

We are recommending Function 700 totals (for programs within our Committee's jurisdiction) of $27.160 billion in budget authority and $26.704 billion in outlays. Our recommendations are reflected in the enclosure and include the amount requested in the President's FY 1986 budget (as reestimated by the Congressional Budget Office), with the changes there described (with differences from the CBO current services baseline also noted).

With respect to the accounts in Function 500, Education, Training, Employment, and Social Services, that provide in part for veterans' employment programs, we are at this time proposing no changes from the President's budget, but do have concerns noted in the enclosure about certain Administration plans.

Regarding Function 800, General Government, we urge, for the reasons specified in the enclosure, that no revenues be anticipated in the FY 1987 budget based on the assumption in the President's budget that $360 million will be realized from the sale of certain parcels of land at the West Los Angeles and Sepulveda VA Medical Centers.

We wish to emphasize that we have arrived at our recommendations after a thorough review of veterans' programs and extensive efforts to identify areas in which savings and economies could be achieved consistent with the Congress' continuing commitment to meet its obligations to the Nation's veterans and their survivors, and particularly to service-connected disabled veterans.

These views reflect our best judgment as of this date. If we or the Committee's minority staff may be of further assistance in your consideration of this letter, please feel free to call upon us or Ed Scott, Minority General Counsel of the Committee (ext. 42074).

Cordially,

Spark
Spark M. Matsunaga

Alan Cranston
Ranking Minority Member

Dennis
Dennis Deconcini

George
George J. Mitchell

Jay
John D. Rockefeller IV

Enclosure

cc: All Budget Committee Members

## FY 1987 BUDGET RECOMMENDATIONS FOR VETERANS' PROGRAMS SUBMITTED BY SENATORS CRANSTON, MATSUNAGA, DeCONCINI, MITCHELL, AND ROCKEFELLER

### FUNCTION 700, VETERANS' BENEFITS AND SERVICES

We are recommending Function 700 totals (for programs within the Veterans' Affairs Committee's jurisdiction) of $27.160 billion in budget authority and $26.704 billion in outlays as specified in the attached table and discussed below.

### Subfunction 701, Income Security for Veterans

- Compensation. We recommend a full cost-of-living adjustment (COLA) in service-connected disability compensation and dependency and indemnity compensation (DIC) benefits, effective December 1, 1986 -- the same as the COLA Social Security beneficiaries will receive on that date. We note that the Administration's estimate of that COLA is 3.7 percent and CBO's estimate is 3.4 percent.

We would strongly oppose any proposal to freeze compensation/DIC benefits if any COLA's are provided for other Federal beneficiaries.

Our recommendation results in no change from baseline.

- Burial benefits. Add $31.8 million in both budget authority and outlays to the President's budget in order to reflect our position that the Congress should reject the Administration's proposal to eliminate plot allowance eligibility for certain wartime veterans. Under section 903 of title 38, United States Code, the VA generally pays a $150 plot allowance on behalf of deceased veterans who either are veterans of a period of war or have service-connected disabilities and who are not buried in a national cemetery. The Administration proposes to eliminate this entitlement for all wartime veterans except those with service-connected disabilities, VA pensioners, and those destitute at time of death whose bodies are unclaimed. The Administration's proposal would be most inequitable to the survivors of wartime veterans who would lose this entitlement and for whom the very limited space available in national cemeteries precludes burial there. The proposal is unsound because it would eliminate a strong inducement for States to develop and maintain veterans cemeteries (and thus help reduce the demand for federally-owned and -operated veterans cemeteries) and would be unfair to those States which established such cemeteries in reliance on the continuing availability of the allowance.

In addition, the proposal is unwise because, according to the National Academy of Sciences, it would render useless the only possible means of maintaining in VA beneficiary files (BIRLS) an accurate source of information regarding veterans' deaths and the causes thereof that is useable for the purposes of scientific studies of the relationship between veterans' health-risk exposure and their health status. Such studies have included, for example, a study of elevated cardiovascular disease mortality among veterans who had major amputations while on active duty and a study of increased leukemia risk among participants at the "SMOKY" nuclear test detonation.

We note that, since six majority members of our Committee included this negative recommendation in their February 28, 1986, letter to the Budget Committee (hereinafter referred to as the "Chairman's proposal"), it has the unanimous support of our Committee members.

Our recommendation results in no change from baseline.

### Subfunction 702, Veterans' Education, Training, and Rehabilitation

- Education loans. Add $44,000 in outlays to the President's budget in order to reflect our position that the Administration's proposal to terminate the VA's authority to make direct education loans to certain veterans should not be enacted.

Our recommendation results in no change from baseline.

- New GI Bill. Add $99 million in budget authority to and subtract $7 million in outlays from the President's budget in order to reflect the overall Function 700 impact of our position that the "New GI Bill", under chapter 30 of title 38, United States Code, should not be closed to new individuals entering active-duty service on or after October 1, 1986. (The budget impact for only the VA would be savings of $86 million in budget authority and $27 million in outlays.) This new program of educational assistance became effective only on July 1, 1986. It is designed as a 3-year test of the recruitment and retention potential of educational benefits. The Armed Services have all testified to the recruitment value of this program, especially as contrasted with the chapter 32, contributory VEAP program. We strongly believe that the Administration's proposal to terminate the program prior to the completion of this test is shortsighted and ill-advised.

We also note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation results in no change in the baseline.

- Veterans' Job Training Act. Add $3 million in outlays to the President's budget in order to reflect our position that $55 million should be appropriated in FY 1986 for the purposes of the Veterans' Job Training Act (formerly the Emergency Veterans' Job Training Act of 1983). The program conducted under this authority, through which employers receive incentives to hire and train long-term unemployed Vietnam-era and Korean-conflict veterans, has assisted more than 38,000 veterans. Although we recognize there has been improvement in the employment status of veterans since the enactment of this legislation in 1983, we believe that very real problems continue to exist for certain veterans who lack job skills and who are not job ready. In December 1985, provisions authored by Senator Cranston and enacted in Public Law 99-238 made a series of improvements in the program that are designed to address the special problems of such veterans and to facilitate their successful completion of training under this program. That legislation also extended the program and authorized FY 1986 appropriations of $65 million. Earlier, in the FY 1986 Continuing Resolution (Public Law 99-190), the Senate had approved the appropriation of $55 million, but before the House had passed this authorization it refused to agree to making the appropriation in the Continuing Resolution. We believe that an FY 1986 supplemental appropriation of $55 million should be made for this program so that this valuable assistance may be continued.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation for this account is $52 million less in budget authority and $46 million less in outlays than baseline.

## Subfunction 703, Hospital and Medical Care for Veterans

- Medical Care: (1) Staffing levels. Add $353.9 million in budget authority and $304.4 million in outlays to the President's budget for the medical care account in order to support in FY 1987 8,848 full-time equivalent employees (FTEE) over the level proposed by the President for VA health-care services. This addition would bring medical care staffing to the level,193,941 FTEE (not including current services FTEE's), for which Congress appropriated funds for fiscal year 1985, in Public Law 98-371, and for fiscal year 1986, in Public Law 99-160. This is also approximately the current actual FTEE staffing level for this account; according to the February 20 testimony of the Chief Medical Director, the FTEE at that time was 193,900.

According to the Administration's own budget documents, the VA would treat 62,000 fewer inpatients and provide 1,254,000 fewer outpatient visits in fiscal year 1987 than in fiscal year 1986 if the

President's budget for VA health-care and associated staffing levels were adopted.

Our recommendation to maintain the VA health-care staffing levels established by the Congress in FYs 1985 and 1986 is, in our view, a prudent and responsible recommendation. Not only would this represent no increase from the staffing level that the Congress has judged to be necessary at present to provide quality health-care services to veterans eligible for care from the VA, but it would require the VA to provide for significant numbers of new personnel positions through absorption. Specifically, according to the VA budget documents and written submissions provided by the VA in connection with our Committee's hearing on the VA budget, the VA would have to absorb 1667 FTEE in the coming fiscal year if our recommendation were enacted -- 1,307 FTEE for staffing for new activations that are scheduled to come on line in fiscal year 1987 and 360 FTEE over the number provided in the proposed budget in connection with the implementation of the third-party reimbursement and income eligibility legislation that is currently pending in the House of Representatives in the reconciliation measure, H.R. 3128, as adopted by the conferees and passed by the Senate at the end of the First Session of this Congress.

We believe strongly that there is no basis for imposing a reduction in VA health-care staffing below the 193,941 FTEE level. Demand for VA health-care services is on the rise as the very significant population of World War II veterans approaches an average age of 65 and turns to the VA in increasing numbers. The VA's most recent survey on the demand for VA health-care services, which was carried out last April, found that approximately 9,000 veterans in need of care were turned away by the VA during the survey week. Moreover, this survey did not address suppressed demand for VA care -- a phenomenon that many knowledgeable observers of the VA are certain exists, particularly in those regions of the country, such as the Sun Belt, where the VA has in recent years been turning away large numbers of veterans seeking care.

The impact of any further reduction in VA health-care staff would be to deny care to more veterans needing care and we are very concerned that, for many of those denied care from the VA, there may be no real alternative for care. There is little excess capacity in most communities through which individuals without resources to pay for their care can receive needed care. These are the very ones who will be turned away by the VA if staff reductions are imposed.

In our view, maintaining steady staffing levels for VA health care is also important in order to attempt to give the agency the opportunity to develop and implement sound health-care strategies for the future. The VA has the potential for leadership in developing and evaluating new methods of treating large numbers of older persons, and the experience it gains thereby can be very helpful to the Nation as a whole as the numbers of elderly persons rises dramatically in the early years of the next century. However, the VA can best fill this role only if it is given some protection from the annual pull-and-tug of the budget process so that it can plan for the future with some assurances of maintaining a steady staffing level. This fact has gained recognition in the appropriations process in the past two fiscal years, and we believe that it should likewise be reflected in the budget process.

(2) Beneficiary Travel/Rural Health Care. Restore $55 million in budget authority and $47.3 million in outlays of the amount proposed to be eliminated from the current year funding for beneficiary travel reimbursement. Of this amount, $50 million would be for beneficiary travel payments and $5 million to fund the first year of experimental programs, under section 202 of Public Law 98-528, which are designed to demonstrate alternative approaches for the VA to furnish health-care services to eligible veterans in areas remote from VA health-care facilities. This latter expenditure is proposed because it is our view that, in light of the proposed reduction in the overall funding level for beneficiary travel, the VA should actively explore other methods for addressing the health-care needs of veterans who live in areas remote from VA facilities, especially when beneficiary travel might not be available for these veterans.

We agree that funding for beneficiary travel is one possible area to consider as part of ongoing efforts to realize economies within the VA budget. However, we do not agree with the proposal in the President's budget to reduce the funding for this benefit -- from the fiscal year 1986 level of over $103.5 million to a level of $10 million.

This proposed reduction of more than 90 percent would leave funding only for medically-indicated travel by special modes of transportation, such as ambulances or air-ambulances, and would thus work a significant hardship on many veterans, both service-connected and non-service-connected, who rely on this benefit to get to VA health-care facilities. It has long been established policy that, since it is impractical to locate VA facilities in all communities and many service-connected veterans have to travel substantial distances to VA facilities to receive the care to which they are entitled, service-connected veterans are not required to bear the cost of that travel. The Administration's proposal virtually to eliminate beneficiary travel is totally inconsistent with that policy relating to service-connected veterans. We cannot and will not support such an action involving service-connected veterans.

We note that we are mindful of our obligation to find economies within the VA budget and, for that reason, are recommending a restoration of $55 million (including the $5 million fur rural programs), rather that a complete restoration. We believe that this will enable the VA to continue to accomodate the needs of those veterans, including, of course, those service-connected disabled veterans, who have, fairly, come to rely on this benefit.

Our recommendation for the medical care account, taking into account the add-ons for staffing, beneficiary travel, and rural health care, is $94 million more in budget authority and $84 million more in outlays than baseline.

- Construction. Add $35 million in budget authority and $4.5 million in outlays in order to provide for certain high priority medical construction projects. The Administration's appropriations request is for only $301.2 million (with an additional $57 million in carryover funds planned to be used in FY 1987). Thus, its total "program level", $358 million, is $307.3 million -- 46.2 percent -- less than the FY 1986 program level of $665.5 million ($485.5 million in FY 1986 appropriations and $180 million in carryover funds). In the Office of Management and Budget "passback" review of the VA's budget, the VA lost funding it had proposed for nursing home care additions at the Hampton, Va., and Tampa, Fla., VA Medical Centers and for a Palm Beach County, Fla., VA hospital site acquisition, and postponed the Huntington, W. Va., VA Medical Center clinical improvement addition.

The add-on we are recommending would be used:

(1) For the Hampton ($5.7 million) and Tampa ($6 million) nursing home projects for the care of veterans for whom, according to the VA, non-VA nursing home beds will not be available.

(2) For the site acquisition for a VA hospital in Palm Beach County ($10 million), which is located in the midst of an extremely fast-growing eligible veteran population whose needs for VA care are outstripping the capabilities of existing facilities in the area.

(3) For the design ($5 million) of a clinical improvement addition at the Huntington Medical Center, which, constructed in 1932, is one of the oldest facilities in the VA system and has a critical need for additional clinical space as well as for correction of various deficiencies throughout the facility, including fire and safety and medical and surgical services.

(4) To enable the VA to include in the San Francisco, Cal., VA Medical Center nursing home/parking garage project the

construction of third and fourth tiers in the already funded 2-tier garage ($3 million). This project, for which appropriations were made for FY 1984, has been stalled for over 2 years because the construction of the nursing home and only a 2-tier parking facility would substantially worsen an existing, critical parking-space shortage. The only viable solution is to make it possible for an adequate, i.e. 4-tier, parking garage to be built.

(5) For initiating one or more other (not yet specified) projects ($5.3 million) that were included in the VA's December 1985 "FY 1986-1990 Five Year Medical Facility Construction Needs Assessment" as FY 1987 projects but for which funds were not requested in the President's FY 1987 budget.

We note that a $35 million budget authority add-on for this account was also included in the Chairman's proposal and thus has the unanimous support of the Committee members.

Our recommendation for the VA's construction accounts (major and minor combined) is $204 million less in budget authority and $9 million less in outlays than baseline.

- Medical and prosthetic research. We strongly support the modest increase in the President's budget for VA research over the baseline estimate, although we express concern about the 122-FTEE reduction.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation is $5 million in budget authority and $4 million in outlays over baseline.

- Medical administration and miscellaneous operating expenses. We support the Administration's request for this account.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation is $10 million in budget authority and $7 million in outlays less than baseline.

- Funds for State extended care facilities. We support the Administration's request for this account. The President's budget includes a substantial increase -- $21 million -- in budget authority over the baseline estimate in order to enable the VA to begin reducing a backlog in applications for matching-fund grants. From the Federal Government's standpoint, this program is a very cost-effective means of providing for nursing home care for eligible veterans.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation is $21 million in budget authority over baseline but is the same as baseline in outlays.

## Subfunction 704, Veterans' Housing

- Loan Guaranty Revolving Fund: (1) Increase in Limitation on Guaranteed Loans in FY 1986. Subtract $2 million in budget authority and add $49 million in outlays to the President's budget in order to reflect the FY 1987 cost, as estimated by CBO, of enactment of H.R. 4130 as passed by both Houses on February 25, 1986. This measure would -- for the purpose of implementing the President's February 1 FY 1986 sequestration order under Public Law 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985 (the Gramm-Rudman law) -- increase the limitation under that order on VA-guaranteed loans to an amount equal to $18.2 billion reduced by 4.3 percent ($17.42 billion).

Unless the baseline is revised to take into account the enactment of H.R. 4130, our recommendation results in a $2 million budget authority reduction and a $49 million outlay increase in baseline.

(2) Program Administration. Subtract $56 million in outlays to reflect the enactment of certain provisions of title III of S. 1887 as passed by the Senate on December 19, 1985, which are designed to make improvements in the manner in which the VA determines the creditworthiness of veterans, appraises properties for purposes of the VA's home-loan guaranty, and disposes of properties acquired by the VA as a result of foreclosures.

We note that, since the recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation is $53 million in outlays less than baseline.

(3) Loan Guaranty Fee. Add $139.2 million in budget authority and $139.3 million in outlays to the President's budget in order to reflect rejection of the Administration's proposal to increase the VA's home loan guaranty fee from 1 percent of the loan amount to 2 percent of the loan amount, effective October 1, 1986 (with a phased increase to 3.8 percent of the loan amount by 1990). A 1-percent fee increase will cost the average veteran homebuyer more than $600. The current drop in interest rates is giving large numbers of Vietnam-era veterans their first chance at home ownership. The imposition of an additional fee could nullify that opportunity for many. We believe that the imposition of an increased fee would constitute nothing less than a tax on veterans. The Congress rejected a similar increase in this fee last year.

We note that, since this recommendation to reject the fee increase was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation results in no change in baseline.

## Subfunction 705, Other Benefits and Services

- General Operating Expenses (GOE): Add $4 million in both budget authority and outlays in order to provide for the administrative costs of (1) achieving the much larger savings in the Loan Guaranty Revolving Fund that would result from the enactment of the provisions of title III of S. 1887 (discussed above in connection with Subfunction 704, Veterans' Housing), and (2) implementing legislation (as agreed to in conference and passed by the Senate in H.R. 3128, the FY 1986 reconciliation bill, and currently pending in the House) to authorize the VA to recover from third-party health insurers the reasonable cost to the VA of furnishing certain non-service-connected care.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation for the GOE account is $38 million more in budget authority and $34 million more in outlays than baseline.

- Grants for State cemeteries. Based on the VA's assertion that sufficient funds are available from prior years' appropriations to meet expected requirements, we are proposing no new appropriation for this account in FY 1987.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

Our recommendation is $3 million in budget authority less than baseline.

- American Battle Monument Commission. Our recommendation is the same as the Administration's, which is $1 million more in budget authority and $1 million more in outlays than baseline.

We note that, since this recommendation was also included in the Chairman's proposal, it has the unanimous support of our Committee members.

## Unspecified Legislative Savings

We recommend that unspecified legislative savings of $30 million in budget authority and outlays be assumed in the budget for Function 700. We are committed to achieving these savings in the event that our other recommendations are substantially achieved in the course of the budget and appropriations processes.

## Credit Levels

The VA conducts a variety of credit programs -- a major home loan guaranty program and a very limited direct home loan program under chapter 37 of title 38, United States Code; small programs of direct loans for participants in the VA's program of rehabilitation for service-disabled veterans under chapter 31 of title 38 and for veterans pursuing education or training under the chapter 34, Vietnam-era GI Bill, program; and direct loans pursuant to insurance policies issued under various veterans life insurance programs. In each case, the credit extension authority involved reflects either a statutory entitlement earned by active-duty service or a contractual right under a life insurance policy.

The Administration's proposal, which we strongly oppose, to increase the fee on VA-guaranteed home loans (as discussed above under the subfunction 704 heading) would have the practical effect of reducing the number of eligible veterans using their loan-guaranty entitlement.

However, neither we, our Committee as a whole, nor the Administration are recommending any changes in the veterans' entitlements under the VA's loan guaranty or direct loan programs. Moreover, based on the nature of the entitlements in current law, there is no statutory restriction or limitation -- such as a ceiling on loan or loan-guaranty program levels -- on their availability to veterans, and none should be imposed.

Our recommendation results in no change in the baseline. We would note, however, that the CBO baseline estimate may need to be revised for the same reasons that the CBO estimate of the program level was revised in connection with Congressional consideration of S. 2052 and H.R. 4130 -- companion bills to revise the limitation that, under Gramm-Rudman, was placed on the total amount of VA-guaranteed loans in FY 1986 -- and in light of the expected enactment of H.R. 4130 (which was passed by both Houses on February 25, 1986).

## FUNCTION 500, EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

With regard to the Function 500 accounts for veterans' employment programs designed specifically to assist veterans in finding suitable employment in order that they may become productive participants in the society they fought to maintain, we are concerned regarding the potential for unwarranted reductions in the numbers of local veterans' employment representatives (LVER), individuals assigned to local employment service offices to assist veterans. We note that section 2004 of title 38, United States Code, requires that, except where the Secretary of Labor determines there is a demonstrated lack of need, each local office is required to be assigned an LVER. The Department of Labor has indicated that in 450 local offices there will be a demonstrated lack of need for a full-time LVER in FY 1987 and, based on the Department's assurances in that regard, we are not recommending any change in the President's FY 1987 budget for the account involved. However, we intend to monitor the situation carefully to ascertain that no needs exist that would be unmet.

## FUNCTION 800, GENERAL GOVERNMENT

The President's FY 1987 budget assumes $360 million in revenue from the sale of certain parcels of land at the West Los Angeles and Sepulveda VA Medical Centers in California. We urge that such revenues not be anticipated in the FY 1987 budget.

On February 5, 1986, based on a 3-year old General Services Administration survey that the VA did not receive until January 1986, the Acting Administrator of Veterans' Affairs provided the Committees on Veterans' Affairs with notice of the proposed disposal of the parcels. Even if that letter is determined to satisfy the 180-day advance-notice provision in section 5022(a)(2) of title 38, the VA may not report the property to the GSA as excess to the VA's needs until August 4, 1986. At that point the GSA would undertake to dispose of the property, a process that takes two to three years on the average.

The 5 parcels in question at the West Los Angeles VAMC -- along with much other land there -- were deeded in 1888 to the National Home for Disabled Volunteer Soldiers -- a predecessor of the VA -- on the express written condition that it be used for a branch of the Home. The VA General Counsel rendered an opinion on December 30, 1985, concluding that, despite the deed condition, the land may be legally disposed of. However, he noted that sufficient uncertainty exists regarding the effect of the deed condition as to make it extremely difficult to market the land, especially since the heirs of the grantors have made it known that they are prepared to sue to try to get the land back if the VA sells it. Thus, he recommended that the Attorney General be requested to file suit to obtain a judicial declaration removing any cloud from the VA's title to the land. In either case, the ensuing litigation could drag on in the Federal courts for years.

We also note the opposition in the community to the excessing and sale of the property. The neighbors, quite properly, strongly oppose the congestion and disruption from the resulting construction and development. All the major State veterans organizations have expressed opposition to the proposal.

Moreover, there are a number of factors -- in addition to the problems with the West Los Angeles deed -- that, at the present time, could prevent the property from being sold at a fair market price and thereby prevent the government from realizing maximum proceeds from any disposition of the property. These include a current moratorium on new "access cuts" into Wilshire Boulevard in West Los Angeles which would restrict the use of the land by a developer. In addition, on one of the parcels of land in West Los Angeles, several structures -- including one built in 1906 -- could conceivably be designated as historic buildings, thus impeding new development and effective use of the property. In the case of the land at Sepulveda, there are existing leases with city and civic organizations that encumber the land.

Thus, based on the cloud on the Government's title at West Los Angeles and strong opposition in both local communities and from the state veterans organizations to the sales, as well as the length of time it takes GSA to complete the excessing process, we consider the claim of producing FY 1987 revenues totally unrealistic. Moreover, we believe that no deficit reduction should be claimed for the sales in any event because any proceeds should be turned over to the VA to be used for the benefit of veterans (especially in the case of the West Los Angeles land, where the deed to a Government agency was expressly conditioned on the land being used for veterans' benefits). Finally, in view of the VA's General Counsel opinion regarding the effect of the cloud on the Government's title to the West Los Angeles land on its market value, no plan for excessing should go forward as to the West Los Angeles land until legal action definitively determines the VA's right, contested by the donors' heirs, to sell the land.

We note that the Chairman's proposal also includes the recommendation that no deficit reduction should be assumed to result from any disposal of these properties.

MARK ANDREWS, NORTH DAKOTA, CHAIRMAN

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**United States Senate**

SELECT COMMITTEE ON INDIAN AFFAIRS
WASHINGTON, DC 20510

February 28, 1986

Hon. Pete V. Domenici, Chairman
Hon. Lawton Chiles, Ranking Minority Member
Committee on the Budget
UNITED STATES SENATE
Senate Dirksen 621
Washington, D.C. 20510

Dear Senator Domenici & Senator Chiles:

In accordance with the provisions of Section 301(c) of Public Law 93-344, we are enclosing the Report of the Select Committee on Indian Affairs on Administration budget requests for Indian programs for fiscal year 1987.

The recommendations of the Select Committee on Indian Affairs relate to programs administered by the Bureau of Indian Affairs in the Department of the Interior; the Indian health Service, and the Administration for Native Americans in the Department of Health and Human Services; and, Indian education programs under Title IV of the Indian Education Act administered by the Department of Education. The Committee also has oversight jurisdiction over Indian housing programs administered by the Department of Housing and Urban Development. Although, budgetary recomendations for this program will be made by the Committee on Banking, Housing and Urban Affairs, the Select Committee wishes to be on record as opposing rescission of units appropriated for Indian housing in fiscal year 1986, and in favor of authorizing at least 2,000 units for FY 1987.

Programs administered by the Bureau of Indian Affairs amount to slightly less than $1 billion and account for approximately one-half of our budgetary recommendations. The Administration requests $921.2 million for BIA program operations and construction for fiscal year 1987, a decrease of $66.6 million from the amount appropriated for fiscal year 1986 for those programs or about 8%. The Committee recommends $999,252,000 an increase of less than $10.0 million or 1% over the fiscal year 1986 appropriated base.

Major decreases in funding for the BIA are premised on: (1) transfer of the Johnson-O'Malley education program from the Department of the Interior to the Department of Education ($23 million); (2) elimination of Higher Education grants ($1.9 million) on the grounds that programs totalling $11.5 million administered by the Department of Education will be transferred to the Bureau of Indian Affairs; (3) elmination or reduction of programs for Alaskan Natives ($12 million); and (4) zero funding for planning and design or construction of new schools, reduction in funding for irrigation systems and reduction in funding for basic housing. The Committee does not agree with these proposals.

A major concern of the Committee is that the fiscal year 1987 BIA budget justification contains a new budget activity entitled "Tribe/Agency Operations", presenting a new system for displaying nearly one-third of BIA's budget without an adequate cross-walk to compare fiscal year 1986 funding levels. The new display also makes it difficult to determine the extent to which funds are allocated to administration or to program operation. The allocation of these funds should be examined closely during the appropriation process.

In its recommendations for the fiscal year 1987 Indian Health Service budget, the Committee starts from the premise that Public Law 99-177, the Balanced Budget Emergency Deficit Control Act of 1985, represents the consensus of the Congress and the President that in reaching deficit reduction targets, the Indian Health Service (IHS) budget would be cut by no more than 1 percent in fiscal year 1986 and by no more than 2 percent in fiscal year 1987. The President's budget request for the Indian Health Service for fiscal year 1987, seeks a rescission of $62,904,000 (7 percent) in fiscal year 1986, above the FY'86 sequestration of $10,429,000. The budget request for FY'87 represents a 15% reduction ($131,585,000) in budget authority, from the FY'86 amount after sequestration. The Administration's proposals to reduce IHS funding for fiscal years 1986 and 1987 are unacceptable to the Committee. Operating on the assumption of another 2 percent Gramm-Rudman sequestration in 1987, the President's proposed reduction would mean an 19% cut from the FY'86 appropriated level.

The native population of this country continues to suffer the lowest health status of all Americans. For fiscal year 1987, the Committeee is recommending a level of funding for the Indian

Health services account ($841 million) that exceeds the CBO baseline by $4 million, but which will allow the IHS to maintain the fiscal year 1986 level of program effort. The recommended 4 percent increase to the Indian Health services account will not, hoIver, enable the IHS to keep pace with the costs of inflation (6.4%) in medical care costs in fiscal year 1987. For the Indian Health facilities account, the Committee recommends a funding level of $56,324,000 in an effort to protect the federal investment in IHS facilities that are currently in the final stages of construction, and to assure the provision of safe drinking water and sanitation facilities to existing Indian homes and communities. Despite the Ill-documented need, the President's budget request proposes no funding for water and sanitation facilities, and would not provide funding for the completion of final construction on two IHS hospitals and one IHS clinic. The Committee is concerned that the delays in completing construction will not only incur greater costs to the Federal government, but that the costs associated with such completions will also greatly exceed original cost projects.

For the second year in a row, the President's budget has proposed to decrease funding for the Administration for Native Americans by eliminating funds for training and technical assistance ($1 million) and for research, demonstration and evaluation ($1 million). The Committee disagrees with these proposals and recommends that ANA be funded in the amount of $29 million for fiscal year 1987, the same level as funded in fiscal year 1986.

Finally, the Administration's request for the Title IV, Indian Education Act programs at the Department of Education assumes a transfer of the Indian Johnson-O'Malley program from BIA ($23,044,000) and a transfer to BIA of the special projects and fellowships and grants to Indian-controlled schools ($11,500,000) from the Department. Legislation to accomplish these transfers is being drafted by the Administration. HoIver, the Committee is concerned with the rationale for the proposal as explained in the budget justification and rejects any transfer of program dollars at this time. The Committee recommends $67,235,000 for the Title IV programs, the FY'86 level plus the requested increase for adult education and program administration.

Sincerely,

Mark Andrews
MARK ANDREWS
Chairman

John Melcher
JOHN MELCHER
Ranking Minority Member

99th Congress
2nd Session

S. Prt.
99-

# BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 1987

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A REPORT

Submitted To The

BUDGET COMMITTEE

(Pursuant to Section 301(c) of Public Law 93-344)

Prepared By The

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

February, 1986

Printed for the use of the Select Committee on Indian Affairs

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Washington: 1985

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## PART I

### INTRODUCTION

The Select Committee on Indian Affairs is the authorizing Committee for program operations of the Bureau of Indian Affairs (BIA) in the Department of the Interior, Indian Health Service (IHS) and Administration for Native Americans (ANA), in the Department of Health and Human Services (HHS), and the Office of Indian Education (OIE) in the Department of Education. In addition, the Committee has oversight responsibility for operation of programs in other agencies affecting Indians, including the Indian Housing program of HUD.

Specifically, Senate Resolution 4, the Committee System Reorganization Amendments, charges the Select Committee as follows:

> It shall be the duty of the Select Committee to conduct a study of any and all matters pertaining to problems and opportunities of Indians, including but not limited to, Indian land management and trust responsibilities, Indian education, health, special services, and loan programs, and Indian claims against the United States.
>
> The Select Committee shall from time to time report to the Senate, by bill or otherwise, its recommendations with respect to matters referred to the Select Committee or otherwise within its jurisdiction.

In furtherance of this responsibility, the Select Committee, on February 18, 1986, held oversight hearings on FY'86 budget submissions of the BIA, IHS, HUD, and the Office of Indian Education.

The programs administered by the BIA, IHS, HUD, and the Office of Indian Education, as well as those of other Federal agencies with Indian programs are of an extremely broad scope, literally spanning the breadth of Federal, State, and local governments, but with the addition of protection and management of trust resources of Indian people and Indian tribes to which the United States has a trust responsibility.

The Federal budget, as it relates to Indian programs, must be considered in the context of the unique relationship that the United States maintains with the Indian tribes and the Alaska Native communities.

Federal policy has long recognized that Indian tribes within the boundaries of the United States are "domestic, dependent nations." As such, the Supreme Court has held that the tribes have surrendered only those powers of sovereignty which are inconsistent with their dependent status. All other governmental powers still remain. As a result, Indian tribes are not political subdivisions of the States nor are they local governments within the meaning of most State and Federal statutes. Rather, the tribes and the United States exercise a direct government-to-government relationship with one another.

In 1934, in furtherance of this policy, Congress enacted the Indian Reorganization Act (Act of June 18, 1934; 25 U.S.C. 461 et seq.) setting forth a new policy toward the Indian tribes and providing, among other things, for the political reorganization of the tribes in accordance with the terms of that Act if the tribes so chose. In 1936, the provisions of this Act were extended to the Territory of Alaska (Act of May 1, 1936, 25 U.S.C. 473a) and a separate Act with similar provisions pertaining to tribes in Oklahoma was enacted (Act of June 26, 1936; 25 U.S.C. 501 et seq.).

In contrast with this Federal relationship, the historical relationship of Indian tribes and the States has been one of separation. Tribes are not political subdivisons of states and thus often do not receive funding assistance from state governments. In addition, in the absence of specific legislative directive, Federal pass-through monies allocated to states all too frequently are not passed through to the tribe. In examining Federal budget allocations or reductions in Indian programs, it is thus necessary to consider that (1) tribes do not generally receive supplemental funding from state governments on the same basis as county and municipal governments; (2) that tribes for the most part do not have other sources for raising revenues that state or local governments enjoy; and, (3) that there is a direct government-to-government relationship between the United States and the Indian tribes. Thus, when Federal monies for Indian programs are reduced or eliminated there is no replacement source to which the tribes can look.

A counterpart to the government-to-government relationship of the United States with the Indian tribes is the trust relationship and the obligations this imposes on the United States not only with respect to protection of trust resources but in assuring delivery of services to the Indian people at least commensurate with that delivered to our non-Indian citizens. At the reservation level, this obligation is obvious. While it is less obvious, it is just as real for off-reservation programs. During the decade of the 70's, Congress, in a number of Acts, specifically recognized the needs of Indians living in urban and rural off-reservation areas. Thus, an Indian component was included in the Comprehensive Employment and Training Act (CETA) enacted in 1973; and is now carried forward as the Job Partnership Training Act; education benefits were extended to off-reservaton Indians through the Indian Education Act of 1972; health programs consisting principally of outreach and referral but also of some direct care were extended to off-reservation Indians through enactment of the Indian Health Care Improvement Act of 1976; and authorization of funding for Indian child welfare programs was provided with enactment of the Indian Child Welfare Act of 1978. The Administration for Native American

Programs at HHS continues service to Alaskan Natives, Hawaiians, and American Indians both on and off reservation which commenced in the 1960's. Each of these programs was enacted after extensive hearings and on the basis of ascertained need of the service populaton which was not being met by state or local governments.

This budget report is provided in two parts: Part I provides in table form the Committee's recommendations for the next five year period for the major program categories; Part II is more detailed and provides both table format and text discussion of the FY'86 budget recommendations. All textual discussions concern areas where Committee's recommendation differs from the Administration's request for FY'86.

## BUREAU OF INDIAN AFFAIRS FISCAL YEAR 1986 BUDGET REQUEST

(In thousands of dollars)

| | BASELINE FY1986* | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Education (Subfunction 501): | | | |
| School Operation | $189,378 | $185,596 | $185,596 |
| Johnson O'Malley education assistance | 23,044 | -0- | 28,857 |
| Cont. Education | 56,438 | 20,212 | 25,977 |
| Education Enrichment and Advancement | -0- | 11,500 | -0- |
| Ed. Contract Support | -0- | -0- | -0- |
| Subtotal | $268,680 | $217,308 | $240,430 |
| Indian Services (Subfunction 452): | | | |
| Tribal Gov. Services | $ 32,233 | $ 5,604 | $ 5,604 |
| Social Services | 113,199 | 93,103 | 95,813 |
| Law Enforcement | 48,570 | 3,101 | 3,101 |
| Self-Determ. Services | 21,337 | 12,262 | 13,941 |
| Navajo-Hopi Settlement Program | 2,931 | 2,931 | 2,931 |
| Indian Services Contract Support | -0- | -0- | -0- |
| Subtotal | $218,270 | $117,001 | $121,390 |
| Economic Development and Employment Program (Subfunction 452): | | | |
| Employment Dev. | $ 26,698 | $ 2,593 | $ 2,651 |
| Bus. Enterprise Dev. | 13,775 | 11,643 | 11,643 |
| Road Maintenance | 23,069 | 314 | 954 |
| Econ.Dev./Employment Contract Support | -0- | -0- | -0- |
| Subtotal | $ 63,542 | $ 14,550 | $ 15,258 |
| Natural Resources Development (Subfunction 302): | | | |
| Forestry & Agric. | $101,997 | $ 19,712 | $ 19,712 |
| Min., Mining & Irrig. | 17,529 | 15,328 | 15,328 |
| Nat.Res.Dev.Cont.Spt. | -0- | -0- | -0- |
| Subtotal | $119,526 | $ 35,040 | $ 35,040 |
| Trust Responsibilities (Subfunction 452): | | | |
| Ind. Rights Protec. | $ 21,408 | $ 17,408 | $ 20,974 |

| | | | |
|---|---|---|---|
| Real Estate & Finan. | 29,852 | 12,851 | $ 12,851 |
| Trust res.cont.spt. | -0- | -0- | -0- |
| Subtotal | $ 51,260 | $ 30,259 | $ 33,825 |
| Tribe/Agency Operations (Subfunction 452): | | | |
| General Operations | $ -0- | $184,646 | $189,668 |
| Trust Operations | -0- | 92,980 | 93,437 |
| Management Operations | -0- | 17,462 | 18,319 |
| New Tribes Funding | -0- | -0- | -0- |
| Subtotal | $ -0- | $295,088 | $301,424 |
| Facilities Management (Subfunction 452): | $ 91,298 | $ 88,597 | $ 88,597 |
| General Administration (Subfunction 452): | | | |
| Management & Administration | $ 49,240 | $ 31,530 | $ 31,530 |
| Automatic Data Processing | 17,934 | 17,651 | 17,651 |
| Employee Compensation Payments | 7,478 | 7,538 | 7,538 |
| Program Management | 4,520 | 6,148 | 6,148 |
| Consolidated Training Program | -0- | 1,350 | 1,350 |
| Subtotal | $ 79,172 | $ 64,217 | $ 64,217 |
| Construction (Subfunction 452): | | | |
| Building & Utilities | $ 35,365 | $ 28,960 | $ 53,265 |
| Irrigation Systems | 18,221 | 13,900 | 23,200 |
| Housing | 44,476 | 16,295 | 22,606 |
| Subtotal | $ 98,062 | $ 59,155 | $ 99,071 |
| Road Construction (Subfunction 452): | $ -0- | -0- | -0- |
| Total | $989,810 | $921,215 | $999,252 |

*Represents FY'86 Appropriated level, pre-Gramm-Rudman sequestration

## HEALTH AND HUMAN SERVICES FISCAL YEAR 1987 BUDGET REQUEST
## INDIAN HEALTH SERVICE

(In thousands of dollars)

| | BASELINE* FY1986 | ADMIN. FY1987 REQUEST | SCIA* RECOMMEND. |
|---|---|---|---|
| Clinical Services (Subfunction 551): | | | |
| Hosp. & Health Clinic | $429,007 | $409,614 | $444,555 |
| Dental Services | 25,620 | 25,692 | 26,599 |
| Mental Health | 11,334 | 11,399 | 11,802 |
| Alcoholism | 24,381 | 26,263 | 26,263 |
| Maintenance & Repair | 8,535 | 9,025 | 9,025 |
| Contract Care | 168,340 | 138,000 | 178,292 |
| Subtotal | $667,217 | $619,993 | $696,536 |
| Preventive Health (Subfunction 551): | | | |
| Sanitation | $ 20,596 | $ 21,334 | $ 21,334 |
| Public Health Nursing | 12,317 | 12,851 | 12,851 |
| Health Education | 3,578 | 3,742 | 3,742 |
| CHR | 25,585 | -0- | 27,120 |
| Hepatitis B | 2,678 | 395 | 395 |
| Subtotal | $ 64,754 | $ 38,322 | $ 65,442 |
| Urban Health (Subfunction 551): | $ 9,644 | $ -0- | $ 10,222 |
| Indian Health Manpower (Subfunction 551): | $ 6,395 | $ 5,418 | $ 7,486 |
| Tribal Management (Subfunction 551): | $ 1,968 | $ -0- | $ 2,050 |
| Direct Operations (Subfunction 551): | $ 57,787 | $ 56,195 | $ 59,357 |
| Subtotal | $807,765 | $719,928 | $841,193 |
| Indian Health Facilities (Subfunction 551): | $ 46,198 | $ 2,450 | $ 56,324 |
| Total | $853,963 | $722,378 | $897,517 |

*After March 1, 1986 sequestration of funds under the authority of Public Law 99-177 (the Balanced Budget Emergency Deficit Control Act of 1985)

## DEPARTMENT OF EDUCATION FISCAL YEAR 1987 BUDGET REQUEST

(In thousands of dollars)

| | BASELINE FY1986* | ADMIN. FY1987 REQUEST | SCIA Recommend. |
|---|---|---|---|
| Part A | $ 50,021 | $ 70,323 | $ 50,021 |
| Part B | 11,809 | -0- | 11,809 |
| Part C | 2,922 | 2,940 | 2,940 |
| Part D | 2,319 | 2,466 | 2,466 |
| Total | $ 67,071 | $ 75,729 | $ 67,236 |

*FY'86 appropriated level, pre-Gramm-Rudman sequestration

## HEALTH AND HUMAN SERVICES FISCAL YEAR 1987 BUDGET REQUEST INDIAN HEALTH SERVICE

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Administration for Native Americans (Subfunction 506): | $ 29,300 | $ 27,300 | $ 29,000 |

BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

The Bureau of Indian Affairs (BIA) was created in the War Department in 1824 and in 1849 was transferred to the Department of the Interior. The history of the relationship between Indian tribes and the U.S. Government reveals that the mission of the BIA was founded on a government-to-government relationship and the trust responsibility. The Bureau, therefore, as an agent of the U.S. Government, recognizes a fundamental responsibility to American Indian tribes, Alaska Native groups, and the tribal form of government. The Bureau's mission is presently viewed as three-fold: (1) to recognize and preserve the inherent rights of tribal self-government, to strengthen tribal capacity for self-government, and to provide resources for tribal government programs; (2) to protect the rights of Indian people in dealing with other governmental entities and the private sector; and (3) to fulfill and execute the Federal Government's responsibility for trust resources and property.

Programs administered by the Bureau of Indian Affairs are extremely broad in scope. The two largest programs, education and social services, account for approximately 36 percent of the BIA budget request for FY'87. Education alone accounts for nearly 25 percent of the budget. This does not include requests for construction or facility improvement and repair of schools and related structures.

While 80 percent of all Indian students within the BIA service population attend public schools, the remaining 20 percent are provided direct education through schools operated by the Bureau. Of these children, approximately 42 percent are in BIA residential or boarding schools because their families do not live within walking distance of a public or Federal day school or available bus route, or because of special social or academic factors. The BIA thus operates, either directly or by contract, some 168 elementary and secondary schools and 14 dormitories servicing an estimated 41,481 students in 23 states. The remainder of the funding request provides funding for grants to college level or post-graduate students for continuing education.

The Social Service program, which is the second largest program administered by the Bureau, provides welfare assistance to Indians when such assistance is not available through state or local public agencies. Financial assistance and social services are not provided by public welfare agencies of some states, particularly those states where public programs are funded and administered from local county revenues based on real property taxes. Some 17 states meet this criteria for alternative provision of BIA social services. The BIA social service program is divided into four parts: general assistance, which accounts for 71 percent of the requested funding; child welfare assistance; miscellaneous emergency assistance; and Indian Child Welfare Act grants.

In addition to these programs, the BIA is responsible for management and protection of natural resources of individual Indians and the tribes, such as forestry, agricultural lands, minerals and mining, fisheries and irrigation and power; maintenance of over 26,000 miles of paved and unpaved roads within the reservations; provision of law enforcement services and support of tribal courts; management of Indian trust funds totalling approximately $1.5 billion; provision of technical assistance and core support to tribes to enable the tribes to contract for and administer Federal programs; and provision of funds either through loans or grants to stimulate economic development on the reservations.

The Synder Act of 1921 (42 Stat. 208; 25 U.S.C. 13) provided substantive law for appropriations covering the activities of the Bureau of Indian Affairs. The scope and character of the authorizations contained in this Act were broadened by the Indian Reorganization Act of 1934 (48 Stat. 948; 25 U.S.C. 461 et seq.); by the Indian Self-Determination and Education Assistance Act of 1975 (188 Stat. 2203; 25 U.S.C. 450); by amendments to Title XI of the Elementary and Secondary Education Amendments Act of 1978 (P.L. 95-561); by the Indian Child Welfare Act of 1978 (P.L. 95-608); and the by Tribally Controlled Community College Assistance Act of 1978 (P.L. 95-471, as amended).

## EDUCATION SCHOOL OPERATIONS

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| A. Indian School Equal. Program: | | | |
| 1. Indian School Equal. Formula | $155,456 | $152,657 | $152,657 |
| 2. Indian School Prog. Adjustments | 1,466 | 1,466 | 1,466 |
| B. Education Standards (Implementation) | 1,500 | 300 | 300 |
| C. Institutionalized Handicapped | 2,329 | 2,328 | 2,329 |
| D. School Board Expenses | 723 | 723 | 723 |
| Training Fund | 512 | 512 | 512 |

| | | | |
|---|---|---|---|
| E. Student Transportation | 11,639 | 11,639 | 11,639 |
| F. Technical Support | | | |
| Agency & Area Offices | 7,892 | 8,109 | 8,109 |
| Education MIS | 674 | 674 | 674 |
| G. School Operations Contract Support | 7,188 | 7,188 | 7,188 |
| TOTAL | $189,378 | $185,596 | $185,595 |

Indian School Equalization Program.

The Committee recommends $152,657,000 for the Indian School Equalization Program (ISEP) for FY'87. This figure corresponds with the Administration's request. The Committee, however, continues to support the concept of "forward funding" for the Bureau's education programs to insure that schools have sufficient time and the necessary funds to plan for educational services to its children. Although the Bureau implemented a "one-week" count in FY'85, there are indications that some schools continue to receive late funding allocations for the current academic year. Therefore, the Committee recommends that when the Bureau makes its budget request for FY'88, it also include FY' 89 funding.

JOHNSON-O'MALLEY EDUCATIONAL ASSISTANCE

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| JOM Education Assistance | $20,500 | $ -0- | $25,674 |
| JOM Contract Support | $ 2,544 | -0- | $ 3,183 |
| TOTAL | $23,044 | $ -0- | $28,857 |

No funds have been requested for the Johnson-O'Malley education program for FY'87. The Administration's request to terminate the JOM program is based on a proposal to transfer the current funding to the Department of Education for consolidation of all services to Indian students in public schools. The

Administration is preparing legislation to accomplish the transfer of the JOM program dollars to the Department of Education and the transfer of certain Title IV education services (aid to contract schools under part A and the part B services) to the BIA.

The Committee is concerned that the proposed transfer of JOM to the Department of Education is poorly thought out and will result in no financial savings. The Committee, therefore, recommends that the JOM program continue within the BIA until such time as Congress enacts legislation to alter the current program.

The Committee notes that it recommends an increase in JOM funding for FY'87. This increase reflects the FY'85 actual appropriated level. During the FY'86 appropriations process, Congress was given inaccurate information concerning a projected "carry-over" of dollars to be available to the JOM program in FY'86 and recommended a corresponding decrease in its appropriation. This carry-over was mythical and thus JOM suffered a major decrease of $5,813,000 in FY'86. The Committee's recommendation would restore JOM to the FY'85 level.

BIA EDUCATION: Continuing Education Subactivity.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Higher Educ. | $29,246 | -0- | -0- |
| Special Higher Ed. | 1,939 | -0- | 1,939 |
| Adult Educ. | 3,717 | -0- | -0- |
| Post-Secondary | 9,309 | 9,309 | 9,309 |
| Tribally Controlled Community Colleges | 11,355 | 10,903 | 14,729 |
| TOTAL | $56,438 | $20,212 | $25,977 |

Special Higher Education.

The Committee also recommends restoration of $1,939,000 for special higher education which provides financial assistance to graduate students. The Administration's failure to request funding for this program is based on the proposal to transfer Title IV, Indian Education Act Fellowship monies from the Department of Education to the BIA's new Education Enrichment and Advancement subactivity. As noted below, the Committee rejects the proposed transfer of funds and recommends maintaining the special higher education program at the FY'86 appropriated level.

Tribally Controlled Community Colleges.

The Committee disagrees with the Bureau's budget request for Title I Tribally Controlled Community Colleges (TCCCs), and with the BIA's basis for the request. Due to inacurrately low projections of student count for FY'87, the current request of $6,974,000 is not sufficient to maintain the TCCCs at acceptable levels.

The FY'87 budget requests $452,000 less than the amount appropriated in FY'86, based on the BIA's estimated, decrease in enrollment. For purposes of clarity, the Committee will focus on the Full-Time Equivalent count (FTE), although the BIA has, for FY'87, converted the FTE to Indian Student Count (ISC), as mandated by the Tribally Controlled Community Colleges Assistance Act of 1978, as amended by Public Law 98-192.

Based on working experience with the American Indian Higher Education Consortium's (AIHEC) projected student counts, which, although normally lower than BIA final audited counts are much closer to the final counts than are BIA projections, the Committee accepts AIHEC's projected FTE for FY'87 of 3,100, as compared to the BIA's 2,742 FTE. AIHEC has utilized the same formula for computing the FTE as the BIA, but has projected a higher total, based on the TCCCs' experienced growth rate and the prior year's final count.

Under the BIA's proposed FY'87 budget and AIHEC's projected FTE count, the per student dollar amount would be far less than that received in past years. Due to the continued lowering of dollars, the colleges have been unable to retain professors and staff and to maintain or expand their curriculum: factors that are a threat to continued accreditation of the schools.

The Committee recommends a level of $3,000/FTE for a total of $9,300,000 for Title I TCCCs. This per count dollar figure will keep the Colleges on a steady, acceptable level of service.

The Tribally Controlled Community Colleges Assistance Act of 1978, as amended by Public Law 98-192, authorizes forward funding for the program. The Bureau has failed to request funding for use in FY'88 in the FY'87 budget request. The Committee recommends that the BIA include forward funding for FY'89 in the FY'88 Budget Justification for both Title I and Title II colleges.

The Committee notes that the Bureau of Indian Affairs again has not requested any funding for Title III, the Tribally Controlled Community College Endowment Program, of the Tribally Controlled Community Colleges Assistance Act of 1978, as amended by Public Law 98-192. Title III, Section 306 authorized $5,000,000 for each of FY'85, '86, and '87. The Committee disagrees with the BIA's failure to request monies for the Endowment program, and recommends $1,500,000 be included for FY'87, in view of the fact that the Bureau anticipates to publish final regulations governing implementation of Title III by the end of FY'86.

SUMMARY OF SOURCES OF FUNDS

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Title I | $ 7,406 | $ 6,974 | $ 9,300 |
| Title II | 3,813 | 3,813 | 3,813 |
| Technical Assistance | 116 | 116 | 116 |
| Title III | -0- | -0- | 1,500 |
| TOTAL | $11,335 | $10,903 | $14,729 |

Education Enrichment and Advancement Subactivity.

(In thousands of dollars)

| | BASELINE FY'86 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Special Enrichment | -0- | $ 9,500 | -0- |
| Fellowships for Indian students | -0- | 2,000 | -0- |
| TOTAL | $ -0- | $11,500 | $ -0- |

The Administration requests $11,500,000 for a new activity -- Education Enrichment and Advancement Programs. This funding is part of the proposal to transfer Department of Education's Title IV, Part A payments to Indian controlled schools and Part B special projects and fellowships to the BIA. The Administration is currently drafting legislation to accomplish the transfer of programs and funding. The Committee does not agree with the rationale as stated in the budget justification and rejects transfer of funding in FY'87.

### Tribal Government Services.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Aid to Tribal Government | $21,608 | $ 4,213 | $ 4,213 |
| Tribal Courts | 10,625 | 1,391 | 1,391 |
| TOTAL | $32,233 | $ 5,604 | $ 5,604 |

### Social Services.

(In thousands of dollars)

| | BASELINE FY 1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Welfare Assistance Grants | $ 90,735 | $ 91,455 | $ 94,165 |
| All Other Social Services | 22,464 | 1,648 | 1,648 |
| TOTAL | $113,199 | $ 93,103 | $ 95,813 |

The Committee accepts the Administration's request for an increase to welfare assistance grants in order to adequately provide for needy Indians (+$3,833,000). The Committee does not agree, however, with a reduction in ICWA program grants (-$2,710,000) based on a policy decision to discontinue funding to all off-reservation urban organizations and all ICWA programs in Alaska. The Committee's recommendation accepts the increase in welfare assistance and maintains FY'86 ICWA grants levels.

Law Enforcement.

(In thousands of dollars)

| | BASELINE FY1986 | REQUEST FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Law Enforcement | $48,570 | $ 3,101 | $ 3,101 |
| TOTAL | $48,570 | $ 3,101 | $ 3,101 |

Self-Determination Services.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Training & Tech. Assist. | $ 3,512 | $ 1,855 | $ 1,855 |
| Contract Support | 1,940 | 7,586 | 7,586 |
| Small Tribes Core Management | 4,500 | 2,821 | 4,500 |
| TOTAL | $ 9,952 | $12,262 | $13,941 |

The Committee disagrees with the decrease in grants to small tribes and the phase-out of the program in the Juneau area, and recommends that the program be funded at the FY'86 appropriated level. The Committee accepts the requested increase for new contracts' support.

Navajo-Hopi Settlement Program.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Navajo-Hopi Settlement Program | $2,931 | $2,931 | $2,931 |
| TOTAL | $2,931 | $2,931 | $2,931 |

ECONOMIC DEVELOPMENT & EMPLOYMENT PROGRAMS

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Employment Develop. | $26,968 | $ 2,594 | $ 2,651 |
| Bus. Enterprise Dev. | 13,775 | 11,643 | 11,643 |
| Road Maint. | 23,069 | 314 | 964 |
| Econ. Dev/Empl. Contract Support | -0- | -0- | -0- |
| TOTAL | $63,542 | $14,550 | $15,258 |

The Committee recommends that the United Sioux Tribes Development Corporation and the United Tribes Educational Technical Center (UTETC) receive a freeze level of funding (the FY'86 appropriated level increased by the CBO inflation assumption for FY'87 of 3.3%). Thus, the recommendation for economic development includes $102,000 for United Sioux Tribes and $1,687,000 for UTETC.

The Committee also disagrees with the budget request for road maintenance and recommends an additional $650,000 for repair and construction of roads at the United Tribes Educational Technical Center, Bismarck, North Dakota.

NATURAL RESOURCES DEVELOPMENT: Forestry & Agriculture.

(In thousands of dollars)

| | BASELINE | ADMIN. | SCIA |
|---|---|---|---|

| | FY1986 | FY1987 REQUEST | RECOMMEND. |
|---|---|---|---|
| Natural Resources, General | $ 2,407 | $ 1,570 | $ 1,570 |
| Agriculture | 29,223 | 2,819 | 2,819 |
| Forestry | 33,801 | 6,061 | 6,061 |
| Water Resources | 10,783 | 465 | 465 |
| Wildlife and Parks | 25,783 | 8,797 | 8,797 |
| TOTAL | $101,997 | $19,712 | $19,712 |

NATURAL RESOURCES DEVELOPMENT: Minerals & Mining/Irrigation & Power.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Minerals and Mining | $ 9,589 | $ 7,741 | $ 7,741 |
| Irrigation & Power | 7,940 | 7,587 | 7,587 |
| TOTAL | $17,529 | $15,328 | $15,328 |

Although the Committee accepts the Administration's request for water rights/litigation, there is grave concern that language contained in the budget justification assumes that tribes will not be allowed to contract for this program. The Committee believes that tribal contracting should be allowed under this new line-item program and encourages the Administration to work closely with the affected tribes in negotiating any contracts for water rights/litigation.

TRUST RESPONSIBILITIES: Indian Rights Protection.

(In thousands of dollars)

| | BASELINE | ADMIN. | SCIA |
|---|---|---|---|

| | FY1986 | FY1987 REQUEST | RECOMMEND. |
|---|---|---|---|
| Environmental Quality | $ 1,400 | $ 561 | $ 561 |
| Indian Rights Protection | 20,008 | 16,847 | 20,413 |
| TOTAL | $21,408 | $17,408 | $20,974 |

The Committee does not accept the Administration's request for Indian rights protection in that it requests decreases for ANILCA land selection, ANSCA Cem./Hist. sites, litigation support and attorneys' fees. The budget justification notes that the decrease to ANILCA land selection leaves a minimum of $447,481 outstanding, and the Committee recommends that $447,481 be added back to this account. The decrease to ANSCA Cem./Hist. sites would delay the completion of site surveys and investigation, for at least five years beyond the 1990 completion target date and leave unidentified sites unprotected. Thus, the Committee rejects this decrease and recommends $1,568,000 for this activity.

The requested decreases for litigation support and attorneys' fees are unacceptable to the Committee. There is a continual shortfall in funding for these activities with the results being a transfer of other program dollars to meet these costs or a failure to meet target deadlines. The Committee recommends that $1,200,000 be added to the litigation support activity and $350,000 to the attorneys' fees activity.

Real Estate/Financial Trust Services.

(In thousands of dollars)

| | BASELINE FY 1986 | ADMIN. FY 1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Trust Services, General | $ 1,072 | $ 920 | $ 920 |
| Real Estate Serv. | 24,712 | 10,754 | 10,754 |
| Financial Trust Serv. | 4,068 | 1,177 | 1,177 |
| TOTAL | $29,852 | $12,851 | $12,851 |

## FACILITIES MANAGEMENT

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Facilities Mgmnt. | $91,298 | $88,597 | $88,597 |
| TOTAL | $91,298 | $88,597 | $88,597 |

## TRIBE/AGENCY OPERATIONS

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| General Operations | $ -0- | $184,646 | $189,658 |
| Trust Operations | -0- | 92,980 | 93,437 |
| Management Operations | -0- | 17,462 | 18,319 |
| New Tribes Funding | -0- | -0- | -0- |
| TOTAL | $ -0- | $295,088 | $301,424 |

The Committee rejects the Administration's request to reduce tribe/agency funding to Alaska by $6,336,000. There was no consultation with any of the affected Alaska Native villages or tribes, and the basic premise for most of the reductions, that the state should take over responsibility for the various programs, is without merit. There has been no consultation with the state and the Committee has been notified by the Governor's office that the state objects to the BIA's transfer of responsibility. The Committee recommends restoration of the Alaska funding to tribe/agency operations and accepts the increases to the programs recommended by the Administration.

## GENERAL ADMINISTRATION

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Management & Administration | $49,240 | $31,530 | $31,530 |
| Automatic Data Processing | 17,934 | 17,651 | 17,651 |
| Employee Compensation Payments | 7,478 | 7,538 | 7,538 |
| Program Management | 4,520 | 6,148 | 6,148 |
| Consolidated Training Program | -0- | 1,350 | 1,350 |
| TOTAL | $79,172 | $64,217 | $64,217 |

CONSTRUCTION: Buildings & Utilities.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Education Projects | $ -0- | $ -0- | $15,000 |
| Non-Education Construction | -0- | -0- | -0- |
| Advanced Planning & Design | 1,100 | -0- | 1,000 |
| Facility Improvement & Repair | 37,265 | 28,960 | 37,265 |
| Program Offset (FY'85 Deferral) | -3,000 | -0- | -0- |
| TOTAL | $35,365 | $28,960 | $53,265 |

The Committee does not agree with the Bureau's recommendation to zero-out school construction. The only justification given by the BIA is that it is the Administration's policy not to request new construction for any type of project: housing, schools, irrigation systems, etc. This type of blanket rationale ignores the unique relationship between the Federal Government and Indian tribes as well as the rural isolation and physical condition of existing schools. The Committee recommends $15,000,000 for school construction in FY'87. This amount wil allow new construction of the following three schools, which will be ready for construction in FY'87:

| | |
|---|---|
| Two Eagle River, MT | $ 2,500,000 |
| Rocky Boy, MT | 2,500,000 |
| Turtle Mountain, ND | 10,000,000 |
| TOTAL: | $15,000,000 |

In addition, the Committee notes that the BIA has not requested any monies for planning and design of new schools. For the same reasons as stated above, the Committee disagrees with the BIA's request and recommends $1,000,000 for planning and design in FY'87. This amount will allow planning and design at approximately three schools.

Although the Bureau states that facility improvement and repair is a priority for FY'87, as opposed to new construction, the BIA requests less than the FY'86 funding level. A review of the BIA's priority list for F I & R indicates that the requested level is insufficient. The Committee recommends that the F I & R acount be budgeted at last year's level.

Irrigation.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Irrigation | $18,221 | $13,900 | $23,200 |
| TOTAL | $18,221 | $13,900 | $23,200 |

The Committee is concerned with the failure of the BIA to request monies for the Navajo Indian Irrigation Project (NIIP). This project was authorized in 1962, under P.L. 87-483, in recognition of an agreement between the Navajo Nation, the State of New Mexico, and the United States. Yet, to date, the project is still not complete. The $8,300,000 recommended for FY'87 would allow irrigation of an additional half block, completing work on Block 6, leaving 52,000 of the 110,000 acres subject to the agreement unirrigated.

The Committee also recommends $1,000,000 for second-year funding for completion of phase 2 construction of the Ft. Belknap Irrigation Project, MT.

Housing.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Housing | $44,476 | $16,295 | $22,606 |
| TOTAL | $44,476 | $16,295 | $22,606 |

The Committee disagrees with the BIA's request for the housing subactivity. Again, the Bureau has requested no monies for new construction, for the same reasons as given for zeroing school construction. The Committee, again, disagrees with this rationale and the proposed budget cut, and recommends that $6,311,000 be restored to this account. This money will provide for the construction of new houses in Indian country, and will continue the program in Alaska.

DEPARTMENT OF HEALTH & HUMAN SERVICES: Indian Health Service.

The Indian Health Service (IHS) is the component of the Department of Health and Human Services charged with administering the principal Federal health programs for approximately one million American Indian and Alaska Native people living on or near Federal Indian reservations or in traditional Indian country such as Oklahoma and Alaska. Direct health services are provided through the operation of 45 hospitals, 71 health centers and several hundred smaller health stations and satellite clinics. The tribal health delivery system, administered by tribes and tribal groups through contracts with IHS, operates six hospitals and approximately 250 health clinics. Contract health care, the purchase of medical services from non-IHS and non-tribal health care providers, supplements the IHS and tribal health care delivery system. Under the legislative authority of the Indian Health Care Improvement Act (Public Law 94-437), the IHS is charged with the responsibility of raising the health status of Indian and Alaska

Native people to the highest possible level. However, testimony received by the Committee in its oversight of the fiscal year 1987 budget for Indian programs, indicates that Indian people continue to suffer the lowest health status of all American citizens.

The President's budget request for the Indian Health Service for fiscal year 1987 includes a proposal to rescind $62,904,000 of the amounts appropriated to operate IHS programs in fiscal year 1986. An additional $10,429,000 in fiscal year 1986 funds will be sequestered pursuant to the Balanced Budget Emergency Deficit Control Act of 1985 (Public Law 99-177), for a total reduction of 9 percent, or $73,333,000 in funds appropriated for fiscal year 1986.

The President's budget request for fiscal year 1987 proposes a reduction of $101,351,000 from the amounts available for obligation by the IHS in fiscal year 1986, an additional 13 percent reduction in the Indian health account. The President's request for the Indian health facilities account for fiscal year 1987 proposes a reduction of $44,215,000, or a 94 percent reduction in amounts available for obligation for the construction of IHS hospitals and clinics, outpatient facilities, personnel quarters, sanitation facilities, and the maintenance and repair of IHS facilities.

As in previous years, the President's budget request for fiscal year 1987 proposes to offset program decreases in the Indian health account with income realized from reimbursements from the federal Medicaid and Medicare programs, as well as other third-party income. These proposed offsets are problematic for at least three reasons: (1) sections 401 and 402 of the Indian Health Care Improvement Act (Public Law 94-437) prohibit the offsetting of funds received from Medicaid and Medicare sources against amounts that would otherwise be requested for appropriation; (2) sections 1880 and 1911 of the Social Security Act require that funds collected from Medicare and Medicaid sources are to be used exclusively for the purpose of making any improvements in IHS facilities that may be necessary to achieve compliance with the applicable conditions and requirements for such facilities contained in titles XVIII and XIX of the Social Security Act, but the President's budget request proposes to use such funds for other purposes, i.e., the costs of printing and patient travel; and (3) the Administration's projections of income to be collected in fiscal year 1987 from Medicaid and Medicare ($61,100,000) and other third-party sources ($8,000,000) are unrealistically high given the amounts collected from such sources in prior fiscal years ($32,000,000 in fiscal year 1985 from Medicaid and Medicare; $80,000 from other third-party sources in fiscal year 1985).

To encourage progress toward the goal of achieving Indian health status parity with that of the general U.S. population, the Committee is recommending a funding level for all IHS budget activities sufficient to allow the Indian Health Service to maintain its fiscal year 1986 level of program effort. The Committee is aware that in most instances, the recommended funding level will not enable the IHS health care delivery system to keep pace with inflation in medical costs, but the Committee's recommendations for funding are also premised upon the national policy of reducing the Federal deficit. The recommended funding levels are further premised upon Congressional denial of the President's proposed rescissions to the Indian Health Service budget for fiscal year 1986.

Again, in Fiscal Year 1987, the IHS budget request for the construction of IHS facilities is insufficient to complete the construction of all IHS facilities that are presently in some phase of construction. Although DHHS representatives have assured the Committee that funds will be requested in future years to complete construction, the Committee is concerned that the delays in completing construction will incur greater costs to the Federal government and that the costs associated with such completions will greatly exceed original cost projections. The Committee remains opposed to th President's request to merge the IHS Facilities Construction account with the Indian Health account. The proposed merging of facilities and services accounts will make it even more difficult for the Congress to ascertain the need for facilities construction, or any change in Administration policy affecting IHS facilities. The Committee strongly recommends that the Committees on Budget and Appropriations reject the proposal to merge IHS services and facilities accounts.

## Clinical Services.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Hospital & Health Clinic | $429,007 | $409,614 | $444,555 |
| Dental Services | 25,620 | 25,692 | 25,699 |
| Mental health | 11,334 | 11,399 | 11,802 |
| Alcoholism | 24,381 | 26,263 | 26,263 |
| Maintenance & Repair | 8,535 | 9,025 | 9,025 |
| Contract Care | 168,340 | 138,000 | 178,292 |
| TOTAL | $667,217 | $619,993 | $696,995 |

Hospital and Health Clinic Program.

The Committee recommends a funding level of $444,555,000 for the Hospital and Health Clinic program for Fiscal Year 1987, a 3% increase from the amounts available for obligation after the March 1, 1986 sequestration of funds under the authority of Public Law 99-177. The recommended 3% increase will not enable the Indian Health Service to keep pace with the 6% inflation in medical costs generally, but will allow the IHS to maintain its Fiscal Year 1986 level of program effort. The level of funding recommended by the Committee is based on the Fiscal Year 1986 direct appropriations level after sequestration and the Fiscal Year 1987 IHS projections of built-in increases for the Hospital and Health Clinic program. Built-in increases are defined in the Indian Health Service budget justification as increases which reflect the impact of inflation on a program including such items as funding of the full-year costs of increased positions in the 1986 appropriation, within-grade promotions, increased costs of medical supplies, and the increased costs of health care provided under contracts or grants. The built-in increase is the amount that would be necessary for the IHS to maintain, in Fiscal Year 1987, the Fiscal Year 1986 level of program effort. Consistent with Committee concerns outlined above, proposed Medicaid and Medicare offsets to base program obligations have been disallowed. The President's Budget Request for Fiscal Year 1987 proposes a rescission in the Hospital and Clinics budget activity in the amount of $6,791,000 in Fiscal Year 1986 funds for such services as emergency medical response and transport services and funds for overhead costs to assist tribes in the operation and management of contracts under the Indian Self-Determination Act. The Committee strongly recommends that the President's rescission request be denied by the Congress.

Dental Services.

The Committee's recommended funding level for Dental Services in Fiscal Year 1987 consists of the Fiscal Year 1986 direct appropriation following sequestration under the authority of Public Law 99-177, and the Fiscal year 1987 IHS projections of built-in increases for this program, for a total of $25,699,000.

Mental Health.

For Fiscal Year 1987, the Committee recommends an increase of 4% over the Fiscal Year 1986 appropriations level (following sequestration) for a total of $11,802,000. The 4 percent recommended increase is based on IHS projections of built-in increases for Fiscal Year 1987 and will allow IHS to maintain mental health services at Fiscal Year 1986 levels. Although the proposed increase will not enable the IHS to meet the documented need for expanded mental health services, the recommended funding level rejects the Administration's request to reduce mental health patient contacts by 17,000 and the request for a reduction in 14 full-time-equivalent positions in the mental health program.

Alcoholism.

The Committee accepts the President's request for an increase in the IHS alcoholism program, recognizing that alcoholism continues to be identified as the most significant health problem among Indian and Alaska Native populations. The total amount requested for Fiscal Year 1987 is $26,263,000.

Maintenance & Repair.

The Committee accepts the President's proposed increase in the IHS maintenance and repair program, for a total Fiscal Year 1987 funding level of $9,025,000.

Contract Care.

In its oversight of the Fiscal Year 1987 budget for Indian programs, the Committee has received testimony that documents the significant need for increases in the contract care program, rather than the over $30 million decrease in the contract care program proposed in the President's budget. In the Portland IHS Area, an area that is almost completely dependent on health care services provided under contract because there are no IHS direct care facilities in the states of Idaho, Washington, and Oregon, there is an existing $3.5 million need to address contract care service needs that have been deferred for as long as five years. Other areas of the IHS system are also limited to the provision of contract care for life- or limb-threatening illnesses or injuries only. Unaddressed contract care needs in the Portland Area are estimated to be growing at a rate of $200,000 a month. In light of the well-documented need for contract health care services, the Committee recommends a funding level of $178,292,000 for the contract care program in Fiscal Year 1987. The recommended funding level is based upon the Fiscal Year 1986 appropriations level following sequestration under the authority of Public Law 99-177 and IHS projections of built-in increases for Fiscal Year 1987, to allow the Indian Health Service to maintain its Fiscal Year 1986 level of program effort. The President's Budget Request for Fiscal Year 1987 proposes a rescission of Fiscal Year 1986 funds in the Contract Care budget activity in the amount of $2,474,000. Because of the acute shortage in contract care services, the Committee strongly recommends that the President's rescission request be denied by the Congress.

Preventive Health.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Sanitation | $20,596 | $21,334 | $21,334 |
| Public Health Nursing | 12,317 | 12,851 | 12,851 |
| Health Education | 3,578 | 3,742 | 3,742 |
| Community Health Representative | 25,585 | -0- | 27,120 |
| Hepatitis B | 2,678 | 395 | 395 |
| TOTAL | $64,754 | $38,322 | $65,442 |

The IHS budget justification indicates that one of the primary goals of the Indian Health Service is to promote and implement disease prevention and health promotion objectives. In contrast to the stated goals, the President's budget request for Fiscal Year 1987 proposes a 40 percent reduction in funds for preventive health. Testimony received by the Committee from health care professionals continues to stress the importance of preventive health initiatives in raising the health status of Indian and Alaska Native people to the highest possible level. Testimony of IHS representatives confirms that the most prevalent diseases in the native population are preventable. Health care experts maintain that funding of preventive health programs maximizes the most efficient use of the Federal investment in health care for Indian and Alaska Native people. Health promotion and disease prevention programs have been implemented in many of the major Federal agencies, including the Departments of Defense and Health and Human Services. Within the context of increased Federal emphasis on health promotion and disease prevention activities, the Committee questions the reduced emphasis on proven and effective preventive health initiatives that is reflected in the President's budget request for the IHS in Fiscal Year 1987. The Committee's recommendation of $65,442,00 includes IHS projections of built-in increases in the preventive health program to maintain preventive health services at Fiscal Year 1986 levels. The President's Budget Request for Fiscal year 1987 proposes a rescission in the Preventive Health budget activity of Fiscal Year 1986 funds in the amount of $11,085,000. Because of the documented need for and effectiveness of preventive health initiatives, the Committee strongly recommends that the President's rescission request be denied by the Congress.

## Sanitation.

The Committee accepts the President's budget request of $21,334,000 for the sanitation program for Fiscal Year 1987, which includes an increase to allow the sanitation program to be maintained at Fiscal Year 1986 operating levels.

## Public Health Nursing.

The Committee approves of the proposed increase in the Public Health Nursing program to allow the IHS to maintain the Fiscal Year 1986 level of program effort, and accepts the President's budget request of $12,851,000 for the public health nursing program.

## Health Education.

The Committee accepts the increase in the IHS health education program proposed in the President's budget request. The $3,742,000 requested for health education will allow IHS to maintain the Fiscal Year 1985 level of program effort.

## Community Health Representatives.

Despite the demonstrated success of the community health representative (CHR) program in providing emergency medical services, immunizations, health education, and non-emergency health care at a cost of $3.18 per patient encounter, the President's budget request for Fiscal year 1987 proposes a rescission in CHR funding to terminate the program by April 30, 1986. No funds are requested for the community health representative program in Fiscal Year 1987. The community health representative program contracts with tribal governments for the provision of community-oriented primary health care services to Indian and Alaska Native communities. In Fiscal Year 1985, Indian Health Service data indicates that community health representatives provided 8,012,579 health care services (patient encounters) in the areas of general health care, dental health, gerontological health care, maternal and child health care, mental health care, and environmental health services in home, community and clinic settings. And although there exists ample, credible evidence that the direct patient care responsibilities of community health representatives are well within the scope of IHS budgetary objectives, the President is once again requesting elimination of the program on the grounds that IHS must focus its budget resources on maintaining key inpatient and outpatient medical care services. IHS physicians and health care professionals, however, have consistently stated their view that the community health representative program is the most culturally-relevant and effective means of providing quality care to the IHS patient population. As the only IHS program that is almost completely staffed and operated by tribal health care providers and as a program that allows tribal communities to determine which services can most effectively address community-specific health care needs, the Committee finds that the proposed elimination of the CHR program is inconsistent with the Presidential policy of Indian self-determination. The Committee strongly supports the community health representative program and recommends a funding level of $27,120,000 for Fiscal Year 1987. The recommended level of funding will enable the Indian Health Service to maintain the Fiscal Year 1986 level of program effort for the community health representative program.

Hepatitis B.

The Committee accepts the President's budget request of $395,000 to continue the screening for Hepatitis B and immunizations in the state of Alaska.

Urban Health.

(In thousands of dollars)

| BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|
| $9,644 | -0- | $10,222 |

The President's budget request for Fiscal Year 1987 proposes a rescission of funding for the urban Indian health program to terminate the program by May 30, 1986. No funds are requested for the urban health program for Fiscal Year 1987. The urban Indian health care program allows 37 urban Indian health care projects around the country to provide direct and referral health care services to the over 50 percent of the Indian population that currently resides in urban settings. Indian Health Service data indicates that in Fiscal Year 1985, urban Indian health care projects provided 162,563 medical services; 51,900 dental services; 106,191 community services; and 186,501 other health-related services. The IHS budget justification further indicates that experience has shown that the IHS funding support for these projects enhances the ability of the 37 programs to generate other sources of funding. Although the proposed elimination of the urban Indian health care program is premised upon the rationale that tribal people residing in urban areas have access to alternate health care resources, the Administration has consistently failed to respond to Congressional requests for documentation of such alternate resources. In contrast to the stated rationale for eliminating the urban Indian health care program, evidence submitted to the Committee supports the finding that in the absence of the urban Indian health care programs, there are no alternative health care providers that have the facilities, personnel, or financial capacity to serve the urban Indian patient population. Given the demonstrated effectiveness of the urban Indian health care programs and the lack of viable alternative health care resources, the Committee recommends a funding level of $10,222,000 for Fiscal Year 1987. The recommended level of funding should allow continuation of the urban Indian health care program at Fiscal Year 1986 operating levels. The Committee strongly recommends that the President's rescission request of $2,444,000 in Fiscal Year 1986 funds for the Urban Health budget activity be denied by the Congress.

Indian Health Manpower.

(In thousands of dollars)

| BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|
| $6,395 | $5,418 | $7,486 |

The Indian Health Manpower program is designed to address shortages of health professionals serving Indian communities. In light of the government-wide policy of phasing-out scholarship assistance programs, access to other sources of professional health care personnel for service in the IHS will be seriously diminished in the very near future. But, despite considerable evidence that the Indian Health Service and Indian communities continue to experience severe shortages of Indian health professionals, the President's budget request proposes no new scholarship assistance for qualified Indian students to receive training in the health professions. The Committee recommends a funding level of $7,486,000 for the Indian Health Manpower program for Fiscal Year 1987. The recommended level of funding will allow the continuation of the Indian Health Manpower program and the Indians into Medicine program.

**Tribal Management.**

(In thousands of dollars)

| BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|
| $1,968 | -0- | $2,050 |

As the principal means within the Indian Health Service of carrying out the Presidential policy of Indian self-determination, the tribal management program provides much-needed technical assistance and management training to tribes and native organizations that are preparing to contract IHS programs. The Committee opposes the President's request to eliminate the tribal management program, and recommends a funding level of $2,050,000 for Fiscal Year 1987. The President's Budget Request for Fiscal Year 1987 proposes a rescission of Fiscal Year 1986 funds for the Tribal Management budget activity in the amount of $1,469,000. The Committee strongly recommends that the President's rescission request for the Tribal Management program be denied by the Congress.

**Direct Operations.**

(In thousands of dollars)

| BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|
| $57,787 | $56,195 | $59,357 |

The Committee accepts IHS projections of built-in program increases for Fiscal Year 1987 and has added such increases to the Fiscal Year 1986 appropriated base (following sequestration under the authority of Public Law 99-177) for a recommended funding level of $59,357,000.

**Indian Health Facilities.**

(In thousands of dollars)

| BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|
| $46,198 | $ 2,450 | $56,324 |

The Joint Commission on Accreditation of Hospitals and the Health Care Financing Administration have identified a need for $56,500,000 to correct deficiencies in IHS facilities in order to maintain the accreditation of IHS facilities. In the absence of accreditation, the Indian Health Service cannot bill for or receive reimbursements from the Federal Medicaid and Medicare programs. Because of the importance of IHS facilities to the goal of raising the health status of American Indians and Alaska Native people to the highest possible level, the Committee recommends a funding level of $56,324,000 for Fiscal Year 1987 to complete existing facilities construction projects and to provide for the construction of water and sanitation facilities to new and existing Indian homes. The President's Budget Request for Fiscal Year 1987 proposes a rescission of Fiscal Year 1985 funds for the Indian Health Facilities construction program in the amount of $38,642,000. The Committee strongly recommends that the President's rescission request for the IHS Facilities Construction program be denied by the Congress.

## INDIAN HEALTH FACILITIES

| | SCIA 1987 | PRIOR APPROPRIATION |
|---|---|---|
| **Inpatient Facilities - Construction Appropriation:** | | |
| 1. Rosebud, S. Dak. (Final Construction) | $ 6,038 | $12,562 |
| 2. Sacaton, Ariz. (Final Construction) | 12,446 | 6,099 |
| **Modernization & Repair-Facilities:** | | |
| 3. Ft. Yates, North Dakota Hospital | 400 | N/A |
| 4. Cass Lake & Red Lake, Minnesota Hospitals Kincheloe, Minnesota Health Center | 150 | N/A |
| 5. Sisseton, S. Dak. Hospital | 450 | N/A |
| 6. Mt. Edgecumbe, Alaska Hospital | 700 | N/A |
| 7. Ft. Hall, Idaho Health Center-Personnel Quarters | 150 | N/A |
| 8. Tuba City, Arizona Hospital | 600 | N/A |
| **Outpatient Facilities - Construction Appropriation:** | | |
| 9. Toppenish, Wash. (Final Construction) | 10,469 | 622 |
| **Personnel Quarters-Construction:** | | |
| 10. Ft. Thompson, South Dakota (17 units) | 421 | 1,279 |
| **Sanitation Facilities:** | | |
| 11. BIA- & Tribal- & Other-Built Homes (2,850 units) | 24,500 | N/A |
| TOTAL | $56,324 | |

OTHER HUMAN DEVELOPMENT SERVICES PROGRAMS: Administration for Native Americans.

(In thousands of dollars)

| | BASELINE FY1996 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | $29,000 | $27,300 | $29,000 |

The FY'87 appropriated level for the Administration for Native Americans Program (ANA) is $29,000,000. The Administration has recommended that the overall budget authority be decreased in FY'86 to $27,300,000. The basic program funding, the Financial Assistance Grants, would remain constant. However, the Training and Technical Assistance funding level of $1,000,000 to zero in FY'87. In addition, the Research, Demonstration, and Evaluation portion of the ANA program would be reduced from the FY'86 funding level of $1,000,000 to zero in FY'87.

The Training and Technical Assistance and the Research, Demonstration, and Evaluation components of the ANA program are invaluable to the success of the overall program. Both these components have been strongly endorsed by tribes and Native American organizations as beneficial to the goal of ANA, that is, to promote self-sufficiency to American Indians, Alaska Natives and Native Hawaiians by encouraging economic and social development. The Committee supports the continuation of both these components, in addition, to the basic Financial Assistance Grants. While the level of funding for the ANA program has remained relatively constant over the past several years, inflation has reduced the real value almost in half. Currently, the ANA program is only able to fund twenty-five percent (25%) of the applications it receives. The Committee, therefore, recommends that the level of funding for FY'87 be budgeted at $29,000,000 to be distributed as follows: $27,000,000 for Financial Assistance Grants; $1,000,000 for Training and Technical Assistance; and, $1,000,000 for Research, Demonstration, and Evaluation.

DEPARTMENT OF EDUCATION: Title IV, Indian Education Act.

(In thousands of dollars)

| | BASELINE FY1986 | ADMIN. FY1987 REQUEST | SCIA RECOMMEND. |
|---|---|---|---|
| Part A | $50,021 | $70,323 | $50,021 |
| Part B | 11,809 | -0- | 11,809 |
| Part C | 2,922 | 2,940 | 2,940 |
| Part D | 2,319 | 2,466 | 2,466 |
| TOTAL | $67,071 | $75,729 | $67,236 |

The Committee rejects the proposed transfer of funding from the BIA Johnson-O'Malley education program to Part A and the transfer of Part A Indian-controlled school and Part B special program funds and Fellowships to the BIA. The Administration is preparing a legislative proposal to accomplish both the funding transfers and amendments to the authorizations for these two programs. Until this proposal is transmitted to Congress for the Committee's review and action, the request to transfer funds and alter the programs is rejected. The Committee does, however, accept the request to increase funding for the Part C adult education program and program administration, and recommends that the increase in Administration be shared by the National Advisory Council on Indian Education and the Office of Indian Education Programs.

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**United States Senate**
SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510

February 25, 1986

Honorable Pete Domenici
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This is in response to the request by you and Senator Chiles to the Committee on Aging for comments on the FY 87 budget resolution. While section 301(d) of the Congressional Budget Act does not require our Committee to submit views and comments on the budget, we do appreciate this opportunity.

According to the President's FY 87 Budget, the budget resolution would need to achieve deficit reduction amounting to $166.0 billion for fiscal years 1987-89. While such a deficit reduction target will involve many difficult choices, the alternative, sequestration under Gramm-Rudman-Hollings, is far less tenable.

At an Aging Committee hearing on February 21, we heard testimony from Administration witnesses that the FY '86 sequester, and a possible FY '87 sequester, will have serious consequences on programs serving the elderly: civil service retirees have already had their COLAs frozen; critical research on Alzheimer's disease will be curtailed; quality review and cost-saving audits in the Medicare program will be scaled back...the list goes on. In the face of these irrational cuts, the need for a reasonable and fair budget resolution becomes ever more important.

The first hurdle in achieving a fair budget resolution will necessitate confronting the problem of reducing deficits without compromising programs serving the aged, poor and disabled. Under the President's budget request, committees with jurisdiction over these vital programs may be forced to make cuts that jeopardize the health and well-being of millions of frail and vulnerable older Americans.

Two examples of this problem that are evident in the President's proposed budget are the $23.0 billion in Medicare reductions and $7.8 billion in Medicaid cuts over the period FY 87-89. As you know, Medicare is responsible for approximately 7.1 percent of federal outlays. Yet, since 1981, this program has absorbed 13 percent of the budget cuts (approximately $38 billion in FY 82-86).

More importantly, during the past year our Committee has investigated quality of care problems in the Medicare program. We have uncovered significant problems related to the retention of quality of care which, in part, have resulted from changes and cutbacks in federal reimbursement policies. If Medicare is squeezed much further, additional problems could result and access to quality care by the 30 million Medicare beneficiaries will be further jeopardized. Likewise, reductions in Medicaid outlays would place a hardship on millions of elderly in nursing homes, the vast majority of whom rely on Medicaid for their care.

The separation of Social Security from the budget debate and from budget legislation this year is another issue of particular importance to older Americans. We feel it is most important that, as required by Gramm-Rudman-Hollings, the operations of the Old Age, Survivors, and Disability Insurance Trust Funds not appear in any congressional budget resolution; and that legislation making changes in Social Security not be included in any budget reconciliation bill. Older Americans will be particularly interested this year in seeing that Congress adheres to its promise of exempting Social Security from the budget process.

These are but a few of the key issues of concern to this Committee. We mention them not to be another voice crying for leniency, but rather to encourage you to fashion a budget resolution that addresses the critical need for deficit reduction without excess cuts in social programs for the most needy.

Again, we appreciate the opportunity of commenting on the budget resolution and assure you that we stand ready to assist you and the other authorizing committees with jurisdiction over aging programs during this difficult process.

Sincerely,

John
JOHN HEINZ
Chairman

John Glenn
JOHN GLENN
Ranking Member

cc: Hon. Lawton Chiles

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EXECUTIVE DIRECTOR

Congress of the United States
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
Washington, DC 20510

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DEPUTY DIRECTOR

February 25, 1986

Scott F.
Sid B—

Mr. Stephen Bell
Staff Director
Senate Committee on the Budget
Senate Dirksen Office - 621
Washington, D. C. 20510

Dear Mr. Bell:

Pursuant to section 301 of the Congressional Budget Act of 1974, we are providing you with testimony presented by Chairman Obey and Vice-Chairman Abdnor to the House Committee on the Budget today.

As the testimony indicates, the Joint Economic Committee is still working toward a consensus on the Committee's Annual Report, which will contain the views of the Committee on fiscal policy, and we will provide you with a copy of that report upon its completion.

Sincerely,

Scott Lilly

Scott Lilly
Executive Director

SL:jcm

Enclosures

STATEMENT OF SENATOR JIM ABDNOR

BEFORE THE

HOUSE BUDGET COMMITTEEE

FEBRUARY 25, 1986

IT IS A PLEASURE TO PRESENT THIS STATEMENT BEFORE THE BUDGET COMMITTEE.

UNTIL RECENTLY THE FISCAL 1987 BUDGET OUTLOOK SEEMED GRIM. EXCESSIVE FEDERAL SPENDING WOULD RESULT IN A FISCAL 1987 DEFICIT APPROACHING $200 BILLION. WHILE EVEN LARGER DEFICITS LOOMED IN FOLLOWING YEARS. A GRAMM-RUDMAN SEQUESTER ORDER AMOUNTING TO $50 OR $60 BILLION COULD RESULT THIS FALL, DEVASTATING MANY PROGRAMS. MOREOVER, SERIOUS CONSIDERATION OF A TAX INCREASE WAS GAINING MOMENTUM.

ONE ANALYSIS EVEN PROJECTED THE EFFECTS A FISCAL 1987 SEQUESTER WOULD HAVE ON A STATE-BY-STATE BASIS. SEVERAL NEWSPAPER ACCOUNTS DESCRIBED HOW SOUTH DAKOTA WOULD BE DEVASTATED BY ITS SHARE OF A $50 BILLION SEQUESTER ORDER. OF COURSE, THIS ANALYSIS ASSUMED CONGRESS WOULD NOT ACT TO AVERT SEQUESTRATION.

OTHER REPORTS ARGUED THAT ESSENTIAL GOVERNMENT ACTIVITIES WOULD BE CRIPPLED BY GRAMM-RUDMAN. THE COAST GUARD AND FBI WOULD BE PRACTICALLY DISMANTLED. OUR NATIONAL DEFENSE WOULD BE DEVASTATED BY DEEP BUDGET CUTS. THE SOCIAL SAFETY NET WOULD BE SHREDDED. HORROR

STORIES ABOUNDED ABOUT THE EFFECTS ON THE POOR AND HOMELESS.

EARLIER THIS MONTH OMB AND CBO BOTH ISSUED THEIR ESTIMATES OF BUDGET OUTLAYS, RECEIPTS, AND DEFICITS THROUGH FISCAL 1991. INSTEAD OF LARGER DEFICITS AS FAR AS THE EYE COULD SEE, THE DEFICITS WERE PROJECTED TO DECLINE FOR THE NEXT FIVE YEARS. THE FISCAL 1991 DEFICIT WOULD END UP AT $104 BILLION.

THE FISCAL 1987 BUDGET DEFICIT IS ESTIMATED AT ABOUT $182 BILLION. TO MEET THE GRAMM-RUDMAN DEFICIT CEILING OF $144 BILLION, BASELINE OUTLAYS MUST BE REDUCED BY ABOUT $38 BILLION. THUS, IF CONGRESS CAN MANAGE TO TRIM BASELINE OUTLAYS BY LESS THAN 4 PERCENT, NO SEQUESTRATION WOULD TAKE PLACE.

CONCEIVABLY, CONGRESS COULD EVEN COMPLY WITH GRAMM-RUDMAN BY REDUCING BASELINE OUTLAYS BY $28 BILLION. THIS WOULD AMOUNT TO LESS THAN THREE PERCENT OF THE TOTAL BUDGET. COMPLIANCE AT THIS LOWER LEVEL OF CUTS COULD RESULT BY VIRTUE OF THE $10 BILLION CUSHION PROVIDED IN THE LAW. THIS ELEMENT OF FLEXIBILITY SHOULD BE SUFFICIENT TO AVERT THE THREAT OF SEVERE DISRUPTION, IN THE UNLIKELY EVENT IT OCCURS.

I AM AWARE THAT A SEVERE RECESSION WOULD MAKE THE BUDGET OUTLOOK LESS ENCOURAGING. IT'S ALSO A FACT THAT CBO AND OMB DIFFER IN A NUMBER OF RESPECTS REGARDING PROJECTED DEFENSE SPENDING AND ECONOMIC ASSUMPTIONS. WE ALL RECOGNIZE THAT ECONOMIC FORECASTING IS AS MUCH AN ART AS A SCIENCE. THE BUDGET PICTURE COULD CHANGE AS A RESULT.

HOWEVER, THE CURRENT OVERALL ECONOMIC OUTLOOK IS GOOD, AND SEEMS TO BE GETTING BETTER ALL THE TIME. RECENT EMPLOYMENT GAINS HAVE BEEN

STRONG, AND THE UNEMPLOYMENT RATE HAS FALLEN TO ITS LOWEST LEVEL SINCE MARCH OF 1980. INTEREST RATES ARE DECLINING, THE STOCK MARKET IS BOOMING, AND HOUSING STARTS REMAIN HIGH. THE ADMINISTRATION'S ASSUMPTION OF 3.4 PERCENT REAL GROWTH IN 1987 (YEAR OVER YEAR) SEEMS FAIRLY REASONABLE.

A FAIRLY OPTIMISTIC ECONOMIC FORECAST IS JUSTIFIED BY RECENT ECONOMIC TRENDS, ESPECIALLY THE COLLAPSE OF OIL PRICES. THIS DECLINE OF OIL PRICES, IF SUSTAINED, SHOULD HELP RESTRAIN INFLATION. LOWER INFLATION WILL TEND TO LOWER EXPENDITURE GROWTH, AND THE DROP IN OIL PRICES SHOULD SAVE MONEY IN ENERGY INTENSIVE SECTIONS OF THE BUDGET SUCH AS DEFENSE.

THE FALLING PRICE OF OIL WILL PROVIDE AN ENORMOUS STIMULUS TO ECONOMIC GROWTH IN AMERICA AND ABROAD. IF FOUR PERCENT REAL GROWTH WAS A REASONABLE FORECAST BEFORE THE OIL PRICE COLLAPSE, IT MAY PROVE TO BE CONSERVATIVE NOW. A HIGHER RATE OF ECONOMIC GROWTH WOULD FURTHER PARE THE DEFICIT AND MAKE CONGRESS'S JOB EASIER. AN OIL IMPORT FEE WOULD ONLY DILUTE OR EVEN OFFSET THE BENEFICIAL EFFECTS IN THE UNITED STATES.

IN OUR SEARCH FOR BUDGET SAVINGS, NO PROGRAM OR EXPENDITURE SHOULD BE EXEMPTED FROM THE CLOSEST SCRUTINY. A HEALTHIER ECONOMY WILL MAKE THE JOB OF BUDGET CONTROL A BIT EASIER THAN IT WOULD OTHERWISE BE. BUT AS FAVORABLE AS THINGS LOOK FOR THE OVERALL ECONOMY, AGRICULTURE REMAINS IN A DEEP DEPRESSION. THE SAFETY NET FOR RURAL AMERICANS IS ALREADY UNRAVELING, AND WE MUST AVOID MAKING THEIR PLIGHT EVEN WORSE.

IN CONCLUSION, I'D LIKE TO NOTE THAT A TAX INCREASE IS NOT NEEDED UNDER GRAMM-RUDMAN IF CONGRESS DOES ITS JOB. A TAX INCREASE ONLY RUNS THE RISK OF UNDERMINING THE ECONOMIC GROWTH THAT HAS CREATED OVER 9.5 MILLION JOBS IN THE LAST 3 YEARS.

THANK YOU.

Testimony of
THE HONORABLE DAVID R. OBEY
Chairman, Joint Economic Committee
Before the House Committee on the Budget
Tuesday, February 25, 1986

Pursuant to section 301(d) of the Congressional Budget and Impoundment Act of 1974, I am pleased to make the following report as Chairman of the Joint Economic Committee concerning the fiscal policy expressed in the President's Fiscal Year 1987 budget submission and the implications which that policy has for meeting the goals expressed in the Employment Act of 1946.

The views which I am expressing are being sent today to Members of the Joint Economic Committee for their review and concurrence as part of a larger report which the Committee is preparing on overall economic policy. That report is mandated by the Employment Act of 1946 as a response to the Economic Report of the President. The President's report was signed and transmitted less than three weeks ago. We hope to have the concurrence of a majority of the Committee Members on the full report by early next week.

There is strong bipartisan agreement on the Joint Economic Committee that the fiscal policy of the Federal Government over the last several years has been far too expansionary and that the failure to take significant steps to reconcile the gap between federal revenues and federal spending poses a significant danger to the sustained health of the American economy. These dangers include:

* Growing U.S. dependence on foreign lenders.

* Higher interest rates than would be otherwise necessary.

* Rapid growth in both the national debt and in the portion of the budget required to service that debt. Clearly the cost of debt service will significantly reduce our ability in the coming decades to use public policy to address a wide range of social, military and economic problems.

* Continued damage to U.S. manufacturing interests accompanied by the continued loss of high wage and salaried jobs in those industries. This is a direct

result of the extraordinary and prolonged misalignment of our currency against the currencies of our major trading partners.

There is also bipartisan agreement that under current economic conditions, the deficit reduction required for Fiscal 1987 under Gramm-Rudman appears to be appropriate.

Based on a review of the Office of Management and Budget and the Congressional Budget Office baseline budget projections and a variety of current economic forecasts, I believe it is clear that the degree of fiscal tightening necessary to meet the $144 billion deficit target can be achieved without significant ill-effects to the economy and with considerable short- and long-term benefits.

I know that many of the Democratic Members of the Committee, and perhaps some of my Republican colleagues as well, share my concern that the budget that the President has submitted does not contain the level of restraint mandated under the law. Specifically, it fails to meet the agreed maximum deficit target for Fiscal 1987 which the President himself called on the

Congress to enact and which he signed into law less than three months ago.

We further believe that enactment of the Administration's Fiscal 1987 budget could very easily result in the issuance of a sequestration order for the fiscal year beginning this October under the terms set by the new legislation.

One reason why we believe this budget risks the chaos which would be created by sequestration is the estimate which it contains for defense outlays. The $282 billion estimate for defense understates the real cost of the President's budget proposal in this area by $14.5 billion according to the Congressional Budget Office. While CBO has not yet completed its re-estimation of the entire Executive Budget, it would appear that the deficit which the President is asking us to enact is more in the range of $158 billion based on the Defense re-estimate.

A second reason that the budget poses a significant risk of sequestration is the economic forecast on which the budget is based. That forecast, as most of you know, was significantly out of line with the consensus forecast at the time it was issued. Since that time, the rapid and unexpected decline in oil prices has given us a boost that has helped close the gap between what private forecasters are suggesting and the forecast upon which the Administration's budget is based. This means that the Administration's forecast is now only .5 to 1.0 percent above most private sector forecasters in their projections of real growth between now and the end of Fiscal 1987. The possibility of reduced oil prices makes the Administration's economic forecast, in the words of economist Alan Greenspan, "not improbable."

But being, "not improbable," is not the same as being prudent, particularly in the era of Gramm-Rudman. If private forecasters are right and the Administration is wrong in its rose-colored view of the next 21 months, an additional $10 to $20 billion will be added to the deficit. While part of the sequestration risk from over-optimistic projections could be resolved by simply having OMB and CBO maintain an optimistic view of economic growth in their August re-estimate, regardless of economic realities, the most important quarters for determining how much revenue the government will collect in fiscal year 1987 will occur between now and August. If, for instance, real GNP growth were to remain relatively flat -- at the 1.2 percent level we experienced in the last quarter -- the growth forecast for fiscal 1987, which would be required of CBO and OMB in their August reports to prevent a decline in estimated 1987 revenues, would be in excess of 6.5 percent.

We find the Executive Branch's failure to submit a budget which meets the Gramm-Rudman targets deeply disturbing since such a large majority of the budgetary expertise and resources needed to find deficit reductions are allocated to the Executive Branch of government. There is far too little attention in the public debate over the Federal budget to the fact that the Congressional Budget process passed in 1974 was created to supplement, not replace, the Executive budget process.

In 1921, the Appropriations Committees rebelled at the fact that each agency of government submitted its own independent spending request without approval or clearance from the White House. The 1921 Executive Budget Act directed the President to collect those requests, revise them and submit them in aggregate to the Congress. The Employment Act of 1946 further strengthened the President's legal responsibility in establishing Federal budget policy.

While Congress needed a far more effective means of responding to Presidential budgets than was true prior to 1974, the Congressional Budget Act was not intended to diminish the basic role of the President in preparing or presenting the Executive budget. The burden for taking the first and most important step in structuring a viable budget still rests with the President. This is true not only as a matter of law but also in terms of the resources which have been made available to the President for the purpose of budget preparation.

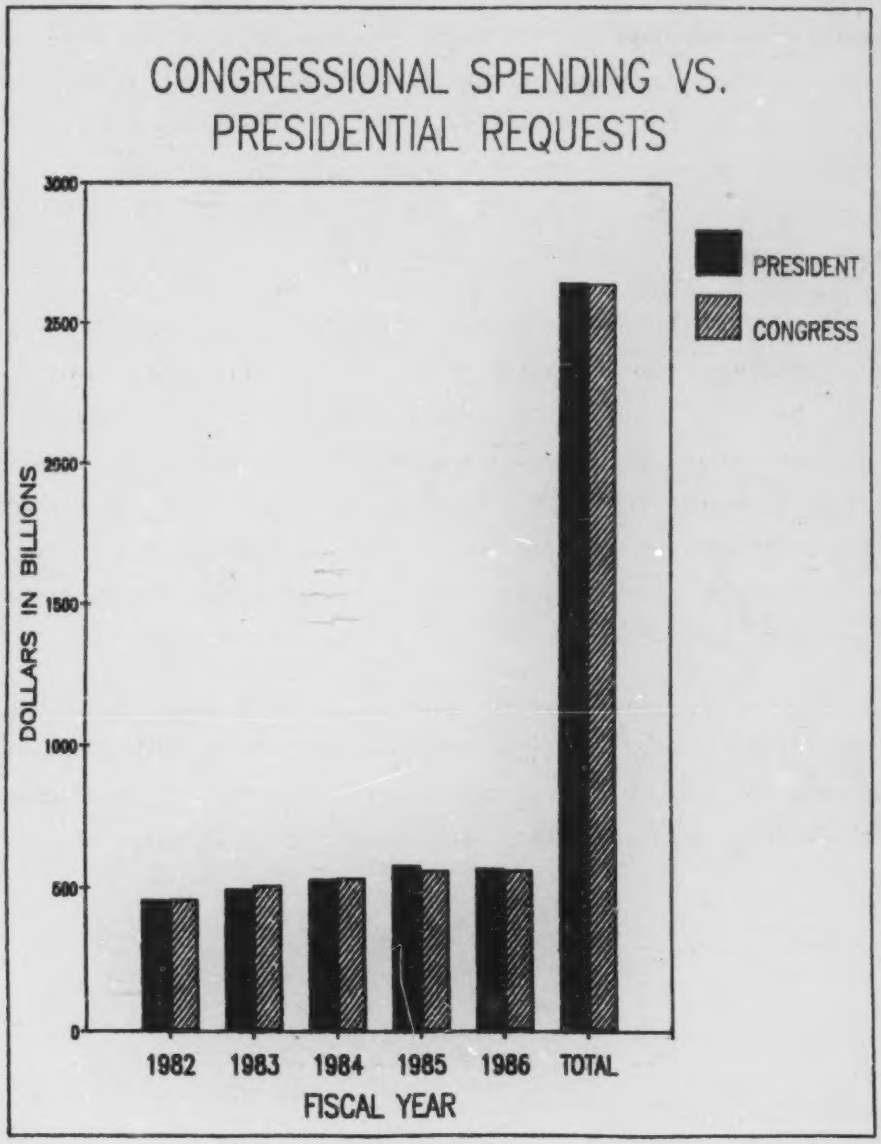
When the Executive Branch effectively punts on its leadership role in the budget process, it is extremely unlikely that the Congress alone has leverage necessary to prevent an ineffective and unbalanced use of tax dollars. The system is simply not set up to work that way.

Producing a good Executive budget requires not only the Administration's best judgment on issues of substance; it also requires considerable skill in determining how the Executive and Legislative Branches can arrive at an agreement that reflects the best collective judgment of both Branches on what the Nation's priorities and fiscal policy should be. When budgets are repeatedly rejected by actual or near majorities of the President's own party, it is a good indication that the Administration has failed on both counts.

It should also be emphasized that contrary to what the Administration says about the origins of the deficit problem, the fact that both Houses of Congress have in recent years rejected the Presidential budgets does not mean they have voted for higher levels of spending. Graph A shows that in only one of the last five years has the Congress appropriated more than the Administration requested, and overall the President has received, $3 billion less in appropriations than he has asked for.

Perhaps one reason for the Administration's repeated submission of "dead-on-arrival" budgets and its failure this year to meet the deficit reduction target required under Gramm-Rudman, is that the Administration's stated priorities in terms of

GRAPH A



CONGRESSIONAL SPENDING VS. PRESIDENTIAL REQUESTS spending and tax legislation cannot be reconciled with its stated goals in fiscal policy.

This can be easily illustrated by Graph B which compares 1980 spending with the 1987 request. It was prepared with the very valuable assistance of the House Budget Committee staff.

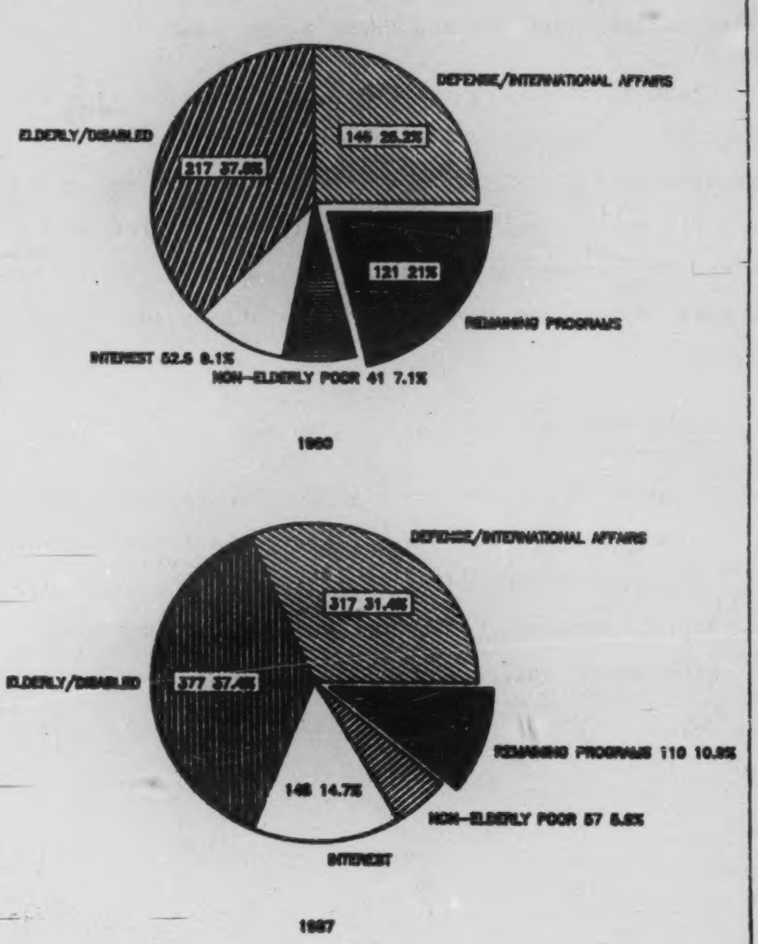
Graph B disaggregates the budget in terms of categories that describe the purpose and beneficiaries of each type of Federal spending more clearly than the technical terminology in which we normally deal. For instance, the term "transfer payments" which is usually used, describes a mechanism of budgeting, but does not describe who is getting what and for what purpose they are getting it.

Graph B demonstrates the following:

* Spending for non-elderly poor has increased in nominal dollars but has declined as a percentage of the budget and has declined in terms of per capita real dollars because of the increased poverty we have experienced during the 1980's.

GRAPH B

# BUDGET OUTLAYS
# 1980 VS. 1987 PRESIDENT'S BUDGET
(BILLIONS OF DOLLARS)



* Spending for the elderly has grown in nominal terms but has stayed constant as a percentage of total budget.

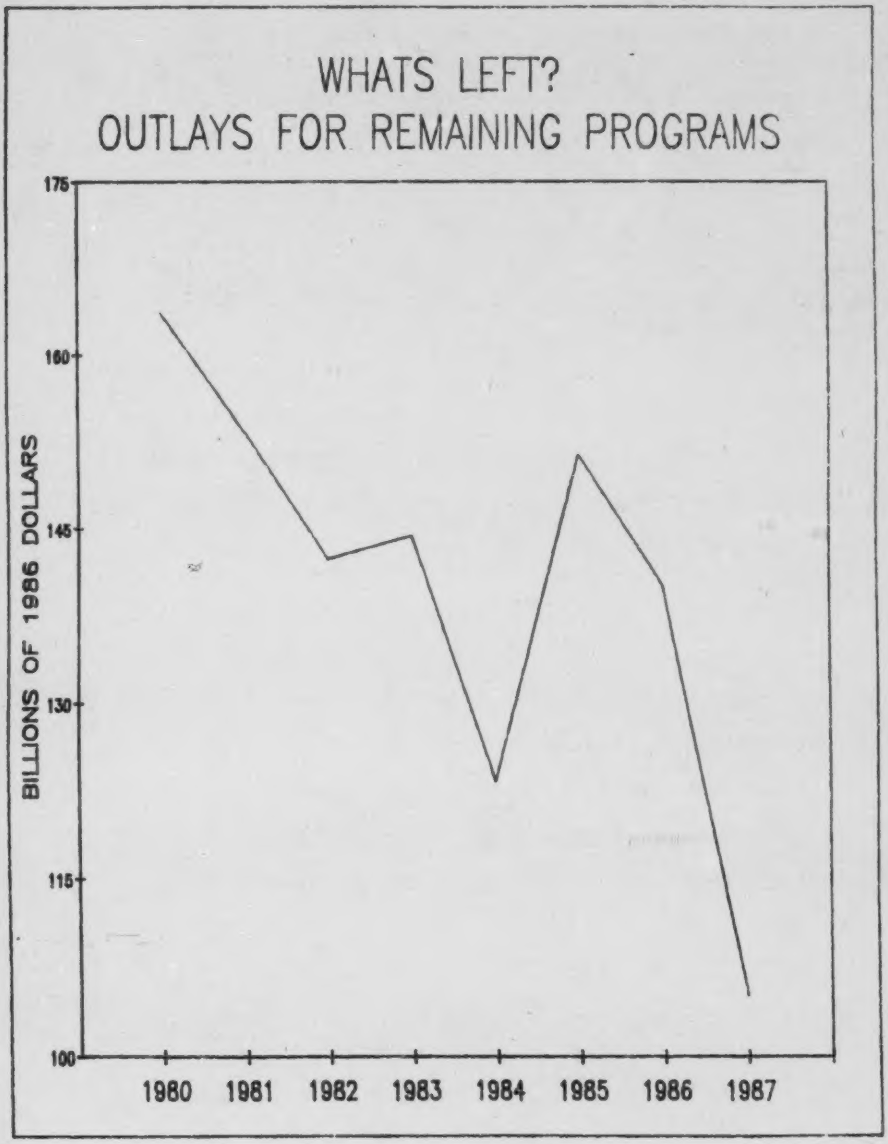
* Spending for two other categories, defense and foreign affairs, and interest on the debt have grown in nominal terms and as a percentage of the total budget.

That means that the major part of the budget that is being squeezed is the portion that contains two functions:

(1) the day-to-day operation of vital government activities which range from tax collection and drug interdiction to environmental enforcement and law enforcement, and

(2) investment in activities that increase America's ability to compete for the remainder of this century. That includes everything we invest in the development of our children by way of education; everything we invest to expand our scientific knowledge --whether it is knowledge to keep us on the leading edge of technological change or knowledge to improve our

GRAPH C



WHATS LEFT?
OUTLAYS FOR REMAINING PROGRAMS

prevention and treatment of cancer and other dreaded diseases. It includes investments in the things that make our communities places where business can make a buck and provide jobs -- investments like roads, sewage treatment facilities, etc.

Under the President's recommendations, this remaining portion of the government's budget (operations and investment) will have been cut in half as a percentage of the total budget since 1980. In addition to being slashed as a percentage of the budget, the purchasing power of the dollars in this budget category will have been reduced by more than one-third in real dollar terms.

The Congressional Budget Office has indicated that even without the President's new budget, domestic discretionary programs have been reduced from a high of 5.8 percent as a percent of GNP in 1980 to 4.1 percent today. That puts it below the 4.2 percent level that prevailed in 1962 before any of the Great Society programs were enacted. Under the CBO baseline it will decline to 3.4 percent of GNP by 1991. Under the President's new budget it will shrink to 2.7 percent.

But the most important information these charts provide is that the Administration's professed budget priorities are clearly inconsistent with their espoused fiscal policy goals as well as the legal requirements in Gramm-Rudman.

The President says that he will maintain a social safety net for the truly needy. The President has also said, and most recently Secretary Baker has testified before your Committee, that Social Security and entitlement programs must be maintained and the charts indicate that the retirement portion of the budget has been sustained. Interest will continue to grow with the growth in the national debt, and we are all familiar with the President's position in insisting on significant increases in defense and foreign aid. In terms of new budget authority he is asking more than 8 percent real growth in defense for the coming year alone.

Most of the cutting has to continue to come from the small portion of the budget that has already been savaged for the last five years. Clearly, even the White House is beginning to feel uncomfortable with what is happening with that portion of the budget. They could have actually reached the $144 billion Gramm-

Rudman target without shaving $14 billion from the defense outlay estimate if further cuts in the "remainder" category were less painful to them.

The thrust of Administration budget policy has clearly been to shrink the investment portion of the budget. But the big problem is that even if you meet Gramm-Rudman targets in 1987 you still have $144 billion in deficit reduction to go and only $110 billion is left in the only major portion of the budget this Administration has targeted for shrinkage.

Of course the Administration has an easy answer. They say that if we only make the cuts which they have asked for in Fiscal 1987 that the budget will balance itself by 1991. In other words, we are back to the old argument that "we can grow out of it."

How realistic is that assertion?

Well, the average growth rate over the first five years of this Administration has been 2.3 percent annually. But the Administration is predicting a 4 percent growth rate annually each year between now and 1990. That rate of growth would be 74 percent higher than the average rate of growth we have experienced since this Administration came into office. Such a sustained level of high growth would be an extraordinary event in our Nation's economic history and constitutes a prediction which virtually no reputable private forecaster is willing to either join in or even approximate. Since 1981 this Administration has repeatedly told us that we should expect long-term growth at levels far above those we have averaged since the end of World War II. Instead, we have experienced growth well below the postwar average.

Most recently, the Chairman of the President's Council of Economic Advisers announced half way through the fourth quarter of 1985 that the Administration would stick with its forecast of 5 percent growth in the last half of 1985 because growth in the fourth quarter would be between 5 percent and 6 percent. Numbers released 10 days ago showed actual growth in the fourth quarter was only 1.2 percent indicating an error in forecasting of more than 3.8 percentage points. It is difficult to understand how the Administration can exude confidence in long-term forecasts so far out of line with the concensus of private forecasters, the

Nation's economic history and the economic history of this Administration when their current quarter judgments can be off by nearly 4 full percentage points.

Even if the Administration is correct, there is one major point that it fails to mention in urging the adoption of this year's budget. A high growth forecast can result in a balanced budget by 1991 with no cut below current services at all.

Table II-5 on page 70 of the CBO "Economic and Budget Outlook: Fiscal Year 1987-1991," illustrates the budgetary impact of varying economic forecasts. A high growth scenario used by CBO would involve six years of growth ranging from 4 percent to 4.6 percent. The average forecast for each of the six years is 4.4 percent. This forecast would result in a $70 billion budget surplus by 1991 if the White House and the Congress make no cuts at all below current policy. The Administration's 4 percent forecast would bring the CBO baseline budget to roughly a zero deficit with no spending cuts either this year or in the future.

Clearly, those of us concerned about the present course of fiscal policy would find it more prudent to look at what would

SUMMARY TABLE 4. ALTERNATIVE ECONOMIC AND BUDGET PROJECTIONS

| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|
| **Economic Projections (By calendar year)** | | | | | | |
| Real GNP (percent change) | | | | | | |
| High-growth alternative | 4.0 | 4.3 | 4.4 | 4.6 | 4.6 | 4.6 |
| Baseline | 3.2 | 3.1 | 3.3 | 3.5 | 3.5 | 3.2 |
| Low-growth alternative | 3.0 | -0.7 | -0.8 | 5.4 | 3.4 | 3.2 |
| CPI-W (percent change) | | | | | | |
| High-growth alternative | 3.4 | 4.3 | 5.2 | 6.3 | 7.5 | 9.1 |
| Baseline | 3.4 | 4.2 | 4.4 | 4.4 | 4.3 | 4.3 |
| Low-growth alternative | 3.6 | 4.4 | 3.9 | 3.0 | 2.5 | 2.5 |
| Civilian Unemployment Rate | | | | | | |
| High-growth alternative | 6.6 | 6.3 | 5.8 | 5.5 | 5.1 | 4.6 |
| Baseline | 6.7 | 6.7 | 6.5 | 6.3 | 6.1 | 6.0 |
| Low-growth alternative | 6.9 | 8.4 | 9.9 | 8.9 | 8.8 | 8.7 |
| Three-Month Treasury Bill Rate | | | | | | |
| High-growth alternative | 6.5 | 6.1 | 7.5 | 8.5 | 9.7 | 11.1 |
| Baseline | 6.8 | 6.7 | 6.4 | 6.1 | 5.7 | 5.4 |
| Low-growth alternative | 7.6 | 7.7 | 5.9 | 5.6 | 4.9 | 4.3 |
| **Budget Projections (By fiscal year, in billions of dollars)** | | | | | | |
| Deficit (-) or Surplus | | | | | | |
| High-growth alternative | -202 | -154 | -111 | -61 | -1 | 70 |
| Baseline | -208 | -181 | -165 | -144 | -120 | -104 |
| Low-growth alternative | -210 | -224 | -282 | -271 | -238 | -237 |

TABLE II-5. CBO BUDGET PROJECTIONS UNDER ALTERNATIVE ECONOMIC ASSUMPTIONS (By fiscal year, in billions of dollars)

| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| High-Growth Alternative | 784 | 866 | 971 | 1,086 | 1,228 | 1,403 |
| CBO Baseline Projection | 778 | 844 | 921 | 991 | 1,068 | 1,144 |
| Low-Growth Alternative | 777 | 818 | 828 | 882 | 948 | 995 |
| **Outlays** | | | | | | |
| High-Growth Alternative | 985 | 1,020 | 1,082 | 1,147 | 1,229 | 1,333 |
| CBO Baseline Projection | 986 | 1,025 | 1,086 | 1,135 | 1,188 | 1,248 |
| Low-Growth Alternative | 987 | 1,042 | 1,111 | 1,153 | 1,185 | 1,232 |
| **Deficit** | | | | | | |
| High-Growth Alternative | 202 | 154 | 111 | 61 | 1 | -70a/ |
| CBO Baseline Projection | 208 | 181 | 165 | 144 | 120 | 104 |
| Low-Growth Alternative | 210 | 224 | 282 | 271 | 238 | 237 |

SOURCE: Congressional Budget Office.

a. Surplus

happen to the deficit if growth over the next five years were roughly similar to what we have experienced over the last five years, that is roughly 2.3 percent. That happens to be only slightly above (five hundreths of one percent) the average of the yearly projections in CBO's slow growth scenario also on Table II-5. Under that scenario deficits would rise from current levels to $237 billion by 1991 with no change in policy.

The safest course for responsible policymakers concerned about the deficit is to not assume that growth alone will take care of our problems.

But if the President insists that most spending cuts must come from one small portion of the budget, a portion containing less spending than the remaining deficit reduction required by Gramm-Rudman, how can this requirement be met?

There are three options:

(1) Increase revenues

(2) Force a re-examination by both Branches of government of the items that are off the table.

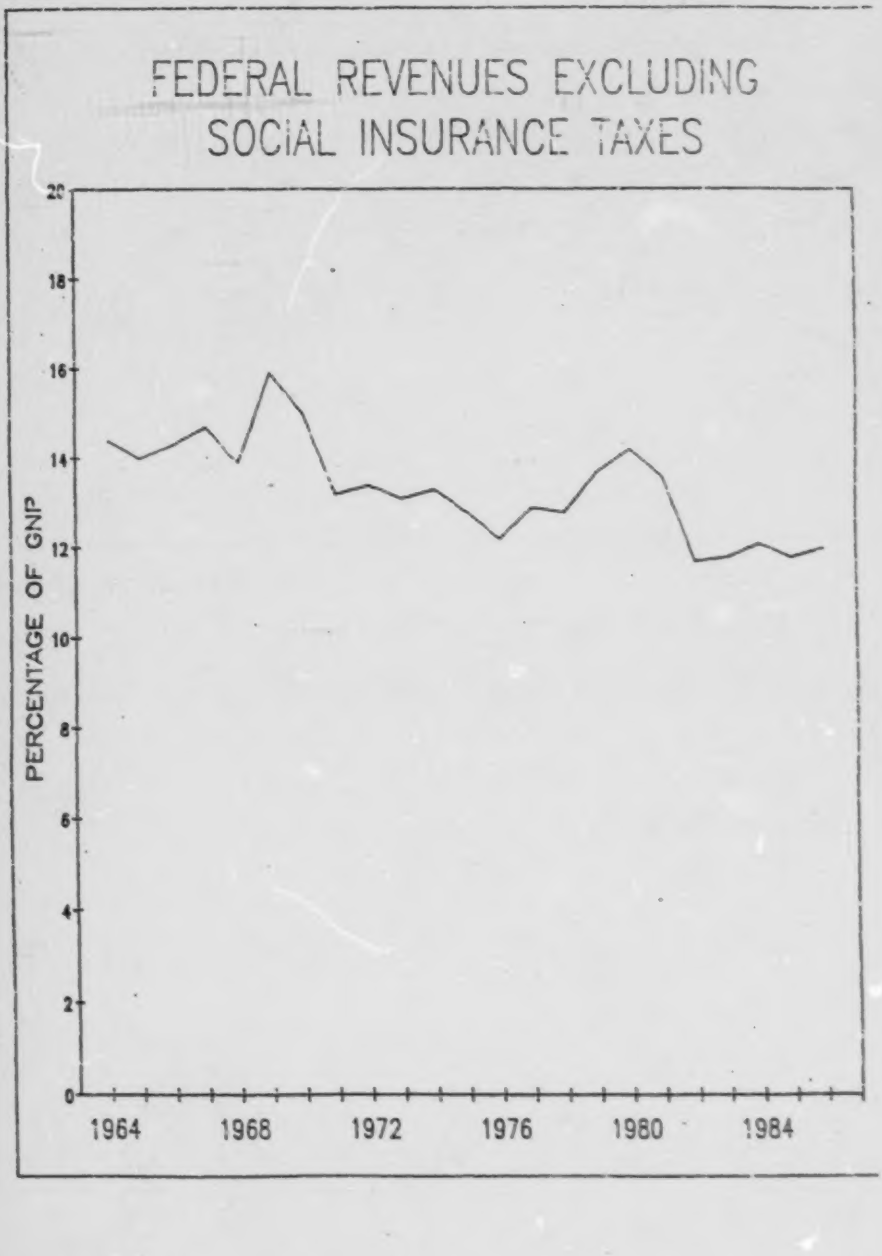
(3) A combination of the first two options.

We believe that the third option is the most certain path to restoring fiscal order. No one that I know of is advocating an increase in individual income tax rates. There are numerous methods of increasing revenues without raising individual income tax rates including changes in the revenue code which the Administration professes to support that would force individuals and corporations that are now not paying taxes to do so.

The Administration contends that the problem is outlays and not revenues. Outlays are a problem and have gone up, but as outlays have gone up general purpose revenues have declined. Revenues have dropped, as a portion of GNP, by 17 percent since 1981 and by nearly 26 percent since 1969.

The Administration has reported to Congress its view of the economy and its predictions for economic performance. In order to evaluate the conclusions reached by the Administration about present and future performance, it is necessary to put those numbers in historical perspective.

GRAPH D



FEDERAL REVENUES EXCLUDING SOCIAL INSURANCE TAXES

Growth

The Administration predicts an economic growth rate of 4 percent each year for the next five years. The fact is that from 1981 to 1985 GNP grew at a real rate of 2.3 percent. That compares to a 3.1 percent growth rate during the preceding five-year period and a 4.2 percent growth rate in the 1960's.

Last year's growth rate was 2.3 percent, and the fourth quarter growth rate was a dismal 1.2 percent. Yet, the Administration had predicted 3.9 percent growth for the entire year.

As Herbert Stein recently said, "The rise of total output over the five-year period from 1980 to 1985 was not exceptionally large. In fact, it was less than in any five-year period ending before 1980; that is, in the post-war period."

These numbers demonstrate a pattern of slow growth throughout the entire five-year period. There is little reason to conclude that we are going to have uninterrupted growth at a 4 percent annual growth rate for five consecutive years.

## Productivity

The Administration predicted last year that productivity would grow by 1.7 percent. In fact, there was zero growth in productivity last year. The annual rate of gain in productivity has been a weak 1.3 percent since 1979, down from a weak 1.5 percent during the previous decade and 2.9 percent the decade before that.

It has been more than 20 years since this country has experienced productivity growth at the pace the Administration is now predicting. If productivity growth is on the upswing, we have yet to see any evidence.

## Inflation

Here there have been significant gains, but they have come at a terrific price in terms of recession, lost jobs, and lost output -- all of which continue to plague the economy.

Moreover, the reduction in inflation is not being sufficiently reflected in lower interest rates. Interest rates have declined significantly from their 1981 peaks in nominal terms, but real interest rates are still 2 percent higher than their post-war average.

## Savings

A crucial goal of supply-side economics was to increase the savings rate, yet personal savings rates for the last two quarters dropped to 2.9 percent, the lowest since 1950.

## Jobs

The Administration prides itself for creating 10 million jobs since the recovery began in 1982. Yet, we lost 3.5 million jobs before the recovery began. The total of 6.5 million net new jobs created from 1981 to 1985 is half as many jobs as were created in the previous five years. The average number of jobs created per year from 1981 to 1984 was 1.3 million versus 2.8 million per year from 1976 to 1980. Job growth from 1981 to 1985 was the lowest in 20 years.

## Trade and Current Account

The current account deficit for 1985 of about $125 billion is nearly twice as great a percentage of GNP as it has been in the country's 210 year history. Even during the 1870's railroad boom which we financed with a massive amount of foreign capital, the current account deficit was 2 percent of GNP as compared to a current figure of 3 percent.

## Debt

Everyone is aware of what our government debt situation is, and I won't repeat it. But I do want to emphasize that there is a tremendous level of private debt hanging over our economy as well.

By the end of 1985, American corporations owed a total of $1.5 trillion, the highest in history. Corporate debt exceeds total net worth by 12 percent. Household debt has tripled in the past 10 years and grew at an annual rate of 21 percent in the first half of 1985 as compared to the previous trend rate of about 13 percent. The 1985 ratio of consumer debt to disposable income reached a record 18.9 percent.

Farmers have taken on $215 billion in debt since the 1970's and owe the Farm Credit System $67 billion, yet farm income continues to decline.

International debt for the U.S. is a new experience, yet we owe the rest of the world approximately $100 billion for 1985.

## Inequality

There has been an increase in the inequality of income and opportunity over the last 10 years. According to the Census Bureau, the gap between the richest American families and the poorest families now stands at its highest since 1946 -- the year they began keeping these statistics. In addition, families in the middle of the income scale received 17 percent of the national income, their lowest share since 1947.

Family Income There are a lot of ways of measuring the performance of the economy, but the one that probably matters the most is what is happening to real family income. Several studies recently completed under the auspices of the JEC gave us a good deal of new information on that question. Since 1973 the typical middle-income family lost about 11 percent of their real income. Young people were particularly hard hit as were families with children.

A young man leaving home in the 1950's or 1960's could expect within 10 years to make 30 percent more than his father was making at the time the young man left home. But a young man today who left home 10 years ago will typically make 10 percent less than the income of his father when the young man left home.

The percentage of mothers of children who work increased dramatically. For those with children under the age of one it has almost doubled since 1975 to nearly 50 percent in 1985. Yet the total income of families with children has declined in real dollars for low-, middle-, and even upper-income families during that period. For all but the highest income families, the decline was most severe between 1979 and 1984.

We are a great Nation with vast resources and a willingness to work hard for ourselves, our children and our country. Even serious mistakes in fiscal policy won't change that, but we can do a lot better. Let's put aside our rhetoric, take an honest look at our problems and set forth in a practical way to solve them.

## APPENDIX TO GRAPHS B & C

(1)

### BUDGET OUTLAYS BY JEC-REQUESTED CATEGORIES, 1980-1987
(Dollars in Billions)

| | FY1980 | FY1981 | FY1982 | FY1983 | FY1984 | FY1965 | FY1986 | FY1986 | FY1987 | FY1987 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Actual | Actual | Actual | Actual | Actual | Current Policy | President's Budget | Current Policy | President's Budget |
| Total Outlays...................... | 576.70 | 657.20 | 728.35 | 795.95 | 841.82 | 946.30 | 986.70 | 979.95 | 1022.85 | 994.00 |
| Total Revenues..................... | 517.10 | 599.25 | 617.75 | 600.55 | 666.45 | 734.05 | 777.80 | 777.15 | 844.70 | 850.35 |
| Defense and International Affairs* | 145.15 | 166.65 | 194.20 | 218.30 | 239.40 | 269.35 | 286.70 | 283.15 | 300.20 | 301.85 |
| Elderly/ Disabled.................. | 217.05 | 250.85 | 279.75 | 305.85 | 320.50 | 343.55 | 362.35 | 362.30 | 385.65 | 377.45 |
| Net Interest....................... | 52.50 | 68.75 | 85.00 | 89.75 | 111.05 | 129.45 | 137.70 | 142.75 | 144.10 | 148.00 |
| Non-Elderly Poor................... | 40.75 | 46.20 | 46.25 | 52.45 | 55.45 | 57.65 | 59.70 | 59.35 | 62.80 | 56.95 |
| Remaining Programs................. | 121.25 | 124.75 | 123.15 | 129.60 | 115.42 | 146.30 | 140.25 | 132.40 | 130.10 | 109.75 |

* Export-Import funding is excluded in all years.

| Defense Breakdown for 1985 and beyond | | | | | |
|---|---|---|---|---|---|
| 050.................... ...................... | 252.75 | 269.45 | 265.85 | 284.20 | 282.25 |
| 150.......................................... | 16.20 | 17.10 | 17.15 | 14.90 | 18.60 |
| Less Ex-Im.................................... | -0.40 | -0.15 | -0.15 | -1.10 | -1.00 |
| | 269.35 | 286.70 | 283.15 | 300.20 | 301.85 |

## APPENDIX TO GRAPHS B & C

(2)

FUNDING FOR THE NON-ELDERLY POOR
Program Definitions Supplied by JEC Staff

(Outlays in Billions of Dollars)

| | FY1980 Actual | FY1981 Actual | FY1982 Actual | FY1983 Actual | FY1984 Actual | FY1985 Actual | FY1986 Current Policy | FY1986 President's Budget | FY1987 Current Policy | FY1987 President's Budget |
|---|---|---|---|---|---|---|---|---|---|---|
| **ENTITLEMENTS** | | | | | | | | | | |
| 550 Medicaid (60%)................ | 8.40 | 9.55 | 9.90 | 10.85 | 11.40 | 13.60 | 14.65 | 14.80 | 15.85 | 14.80 |
| 600 Food Stamps (91%).............. | 8.30 | 10.25 | 10.00 | 11.50 | 11.40 | 11.40 | 11.50 | 11.40 | 11.90 | 11.25 |
| 600 AFDC........................... | 7.30 | 7.75 | 7.55 | 7.05 | 8.35 | 8.65 | 9.10 | 9.05 | 9.50 | 8.20 |
| 500 Foster Care/Adoption Assistanc | 0.25 | 0.35 | 0.30 | 0.40 | 0.50 | 0.55 | 0.55 | 0.60 | 0.60 | 0.60 |
| 500 Social Services................ | 2.70 | 2.65 | 2.55 | 2.50 | 2.80 | 2.75 | 2.60 | 2.60 | 2.70 | 2.70 |
| 600 Child Nutrition................ | 4.20 | 3.45 | 3.00 | 3.30 | 3.55 | 3.65 | 3.90 | 3.90 | 4.15 | 3.50 |
| SUBTOTAL...................... | 31.15 | 34.00 | 33.30 | 36.40 | 38.00 | 40.60 | 42.30 | 42.35 | 44.70 | 41.05 |
| **DISCRETIONARY PROGRAMS** | | | | | | | | | | |
| 750 Legal Services................. | 0.30 | 0.30 | 0.25 | 0.25 | 0.25 | 0.30 | 0.30 | 0.30 | 0.30 | 0.05 |
| 600 Low-Income Energy Assistance.. | 1.60 | 1.80 | 1.70 | 2.00 | 2.05 | 2.15 | 2.00 | 2.00 | 1.95 | 2.10 |
| 600 WIC/CSFP | 0.70 | 0.95 | 0.95 | 2.25 | 2.40 | 1.55 | 1.60 | 1.60 | 1.65 | 1.65 |
| 550 Maternal and Child Health Care | 0.45 | 0.45 | 0.35 | 0.50 | 0.40 | 0.50 | 0.45 | 0.45 | 0.50 | 0.50 |
| 550 Community Health Centers...... | 0.30 | 0.30 | 0.30 | 0.35 | 0.35 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 |
| 550 Indian Health Services........ | 0.55 | 0.60 | 0.60 | 0.65 | 0.70 | 0.70 | 0.75 | 0.75 | 0.85 | 0.75 |
| 550 Migrant Health Services........ | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| 600 Housing Assistance*............ | 5.65 | 7.75 | 8.75 | 10.00 | 11.25 | 11.40 | 11.85 | 11.45 | 12.40 | 10.40 |
| SUBTOTAL...................... | 9.60 | 12.20 | 12.95 | 16.05 | 17.45 | 17.05 | 17.40 | 17.00 | 18.10 | 15.90 |
| TOTAL | 40.75 | 46.20 | 46.25 | 52.45 | 55.45 | 57.65 | 59.70 | 59.35 | 62.80 | 56.95 |

## APPENDIX TO GRAPHS B & C

(3)

### FUNDING FOR THE ELDERLY AND DISABLED
Program Definitions Supplied by JEC Staff
(Outlays in Billions of Dollars)

| | FY1980 | FY1981 | FY1982 | FY1983 | FY1984 | FY1985 | FY1986 | FY1986 | FY1987 | FY1987 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Actual | Actual | Actual | Actual | Actual | Current Policy | President's Budget | Current Policy | President's Budget |
| 370 Elderly & Handicapped Housing. | 0.75 | 0.80 | 0.75 | 0.80 | 0.65 | 0.50 | 0.55 | 0.50 | 0.65 | 0.40 |
| 500 Older Americans............... | 0.70 | 0.90 | 0.90 | 0.90 | 1.00 | 1:00 | 1.00 | 1.00 | 1.05 | 1.00 |
| 550 Medicaid (40%)................ | 5.60 | 6.35 | 6.60 | 7.20 | 7.60 | 9.05 | 9.80 | 9.90 | 10.60 | 9.90 |
| 570 Social Security and Medicare.. | 152.15 | 178.75 | 202.55 | 223.30 | 235.75 | 254.40 | 268.55 | 268.70 | 288.25 | 282.45 |
| 600 Railroad Retirement/Black Lung | 6.60 | 5.45 | 5.55 | 5.60 | 3.45 | 5.60 | 5.60 | 5.35 | 5.70 | 5.45 |
| 600 Federal Employee Retirement... | 26.35 | 31.30 | 34.35 | 36.50 | 38.05 | 38.60 | 41.30 | 41.40 | 43.30 | 42.45 |
| 600 Food Stamps(9%)............... | 0.80 | 1.00 | 1.00 | 1.15 | 1.10 | 1.15 | 1.15 | 1.15 | 1.15 | 1.10 |
| 600 Supplemental Security Income.. | 6.40 | 6.45 | 6.85 | 7.90 | 7.65 | 9.60 | 10.20 | 10.15 | 10.40 | 10.50 |
| 700 Veterans Hospitals and Medical Care................. | 6.00 | 6.95 | 7.50 | 8.25 | 8.85 | 9.55 | 9.95 | 9.85 | 10.15 | 9.70 |
| 700 Veterans Compensation and Pensions...................... | 11.70 | 12.90 | 13.70 | 14.25 | 14.40 | 14.10 | 14.25 | 14.30 | 14.40 | 14.50 |
| TOTAL......................... | 217.05 | 250.85 | 279.75 | 305.85 | 320.50 | 343.55 | 362.35 | 362.30 | 385.65 | 377.45 |
| Totals on Allocated Programs for 1985 and beyond | | | | | | | | | | |
| Food Stamps | | | | | | 12.55 | 12.65 | 12.50 | 13.05 | 12.35 |
| Medicaid | | | | | | 22.65 | 24.45 | 24.70 | 26.45 | 24.70 |
| | | | | | | 1.13 | 1.14 | 1.13 | 1.17 | 1.11 |
| Aggregations for 1985 and beyond | | | | | | | | | | |
| Social Security | | | | | | 188.60 | 199.40 | 200.05 | 211.40 | 212.20 |
| Medicare | | | | | | 65.80 | 69.15 | 68.65 | 76.85 | 70.25 |

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SCOTT LILLY,
EXECUTIVE DIRECTOR

**Congress of the United States**
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
**Washington, DC 20510**

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PAUL S. SARBANES, MARYLAND

ROBERT J. TOSTERUD,
DEPUTY DIRECTOR

February 27, 1986

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

I have enclosed a copy of the Joint Economic Committee's analysis of the current services budget, prepared in accordance with the Congressional Budget and Impoundment Control Act of 1974, as amended, (31 U.S.C. 1109(b)).

Sincerely,

Dave Obey
David R. Obey
Chairman

Enclosure

# AN ANALYSIS OF THE CURRENT SERVICES BUDGET CONTAINED IN THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1987

Submitted to the Senate and House
Committees on the Budget

Prepared by the Staff
of the Joint Economic Committee
in accordance with the
Congressional Budget & Impoundment Control Act of 1974,
as amended (31 U.S.C. 1109 (b))

March 1, 1986

# AN ANALYSIS OF THE CURRENT SERVICES BUDGET CONTAINED IN THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1987[1]

The Congressional Budget and Impoundment Control Act of 1974, as amended, requires that the President submit a current services budget to Congress. This budget, published as Special Analysis A, is intended to present the level of outlays and budget authority "for the following fiscal year if programs and activities of the United States Government were carried on during that year at the same level as the current fiscal year without a change in policy." Such benchmark estimates and the corresponding current services receipts estimates are to be accompanied by "the economic and program assumptions on which those budget outlays and budget authority are based, including inflation, real economic growth, and unemployment rates, program caseloads, and pay increases." The Budget Act also requires that the Joint Economic Committee review the estimated budget outlays and proposed budget authority and submit an evaluation to the Committees on the Budget of both Houses.

The current services budget should play a vital role in expediting efforts of congressional committees and the Administration to develop and evaluate timely and credible policy alternatives. Unfortunately this Administration has not followed the intent of the Budget Act. It has departed from

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1/ All years referred to are fiscal years.

its own guidelines and, as a result, it has introduced into the current services budget a number of distortions, amounting to billions of dollars. Thus the current services budget has been transformed into a parody of what Congress intended; rather than helping to clarify budget issues, it has been used to confuse the debates in Congress and among the public. The main problems have been in the area of defense -- spending increases have been converted into alleged spending reductions by the utilization of artificially high baselines. The original goals of the current services budget remain valid. But in practice the estimates in some areas have become so distorted that the entire issue needs to be reexamined. The Joint Economic Committee has asked the General Accounting Office to conduct a thorough investigation and recommend appropriate changes in current law to restore the current services budget to its intended purpose.

The Administration correctly defines current services estimates as those that "reflect the anticipated costs of continuing ongoing Federal programs and activities at present levels without policy changes."[2] The Office of Management and Budget (OMB) has prepared Circular A-11 to provide guidance to the individual agencies regarding methods to use in calculating their estimates, which are subsequently submitted to

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[2] Office of Management and Budget, Special Analyses, Budget of the United States Government, Fiscal Year 1987, p. 1-2.

OMB. Current services estimates are prepared for the budget year and the four subsequent years. An agency's appropriation or continuing resolution for the current year -- the year prior to the budget year -- is generally considered the "base year" for current services estimates. The estimates reflect the expected cost of continuing ongoing federal programs at base year levels in real terms (adjusted for inflation). Each agency is required to submit current services estimates to OMB after the agency's appropriation or continuing resolution for the "base year" is passed.

Final decisions on the content of the current services budget are made by the OMB Director. In some cases, such as interest on the national debt, Circular A-11 cannot readily be utilized by the agencies, and estimates based on the Administration's economic forecast can best be made by objective analysis at OMB. The assumptions used in such cases are spelled out in Special Analysis A, and the results are consistent with Congressional intent.

In other situations, however, the agencies have prepared current services estimates based on OMB's Circular A-11, but these estimates have subsequently been rejected by OMB with insufficient explanation and without informing Congress of the estimates prepared by the agencies. The most important case is the treatment of budget authority (BA) and outlays (O) for the Department of Defense-Military (DOD-M), where the current services estimates submitted by OMB to the Congress far exceed the estimates submitted by DOD to OMB.[3] As a result, the President's budget request involves apparently sizable reductions from the OMB baseline, but in fact it represents very large increases in comparison with the DOD baseline, which was based on OMB's Circular A-11.

The differences between the two baselines for DOD-M budget authority are shown in Table 1. The Administration's request rises from $311.6 billion in 1987 to $395.5 billion in 1991. These figures are presented in Special Analysis A as reductions from the OMB current services baseline ranging from $3.1 billion in 1987 to $17.1 billion in 1991, for a total reduction of $45.4 billion over the five-year period. However, a very different picture emerges if the President's budget is compared with the DOD baseline, which was submitted by DOD to the General Accounting Office (GAO) and has not previously been published. For 1987, the budget represents a $18.8 billion increase, not a $3.1 billion increase, a net difference of $21.9 billion. By 1991, the gap is much wider -- an increase of $60.0 billion, in comparison with a reduction of $17.1 billion, a net difference of $77.1 billion. For the period as a whole, as shown in Table 1, the budget represents an increase of $195.1 billion in comparison with the DOD baseline, as opposed to a reduction of $45.4 billion relative to the OMB current services baseline, yielding a difference of $240.5 billion.

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[3] Department of Defense-Military accounts for approximately 97 percent of the National Defense budget function.

TABLE 1

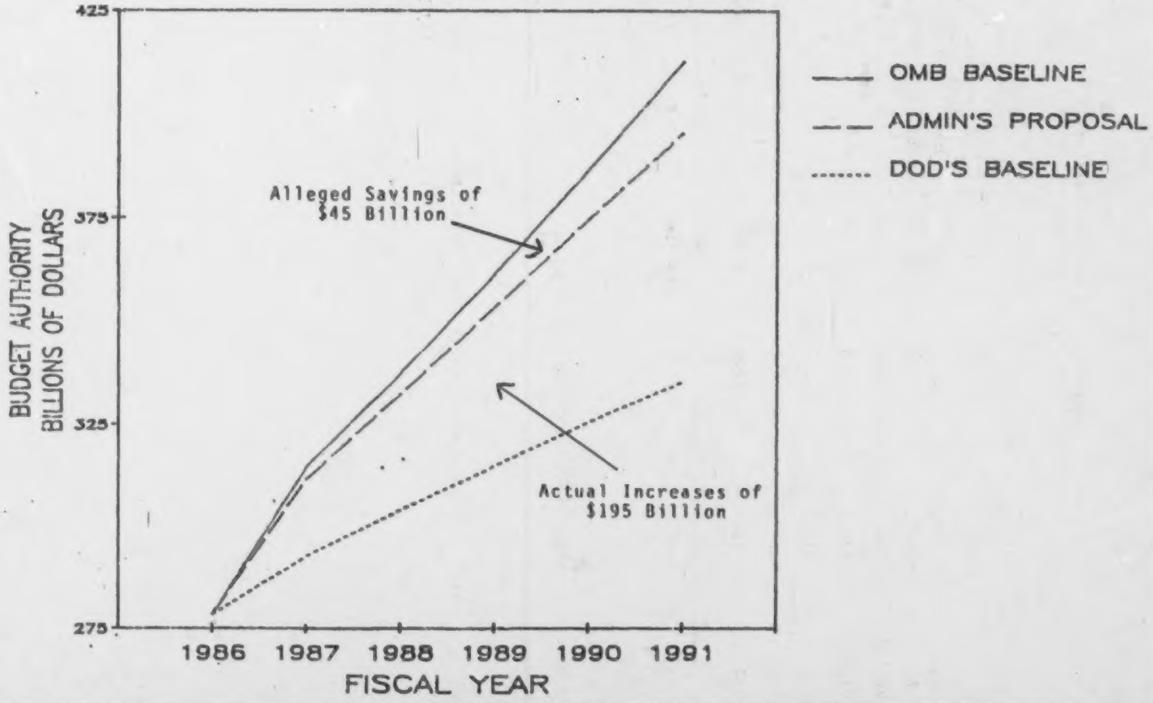
Department of Defense-Military
Budget Authority, in Billions of Dollars

| | | | | Administration Budget Less: | | Difference |
|---|---|---|---|---|---|---|
| Fiscal Year | Administration Budget | OMB Baseline | DOD Baseline a/ | OMB Baseline | DOD Baseline | Between OMB&DOD Baselines |
| 1987 | $ 311.6 | $ 314.7 | $ 292.8 | $ - 3.1 | $ 18.8 | $ 21.9 |
| 1988 | 332.4 | 337.5 | 303.9 | - 5.1 | 28.5 | 33.6 |
| 1989 | 353.5 | 361.5 | 314.9 | - 8.0 | 38.6 | 46.6 |
| 1990 | 374.7 | 386.8 | 325.5 | -12.1 | 49.2 | 61.3 |
| 1991 | 395.5 | 412.6 | 335.5 | -17.1 | 60.0 | 77.1 |
| Total | $1767.7 | $1813.1 | $1572.6 | $ -45.4 | $195.1 | $240.5 |

a/ Includes the effects of sequestration.

Sources: Office of Management and Budget, Department of Defense.

# THE $240 BILLION DISCREPANCY IN THE ADMINISTRATION'S DEFENSE BUDGET



OMB states that for 1987 and 1988 its current services estimates for DOD-M and other programs in the national defense function are the same as those of the 1986 Congressional Budget Resolution. For 1989 through 1991, the estimates "reflect the budget resolution policy of three percent annual real growth in budget authority." On the face, this approach appears reasonable, but there are four reasons why it is unsatisfactory:

(1) The baseline should incorporate the effects of the 1986 sequestration on defense budget authority. OMB fails to do this.

(2) The intent of Congress with regard to future spending levels at the time of the budget resolution last August has been superseded by the passage of the Balanced Budget and Emergency Deficit Control Act of 1985 in December.

(3) For seven fiscal years, from 1977 through 1983, OMB's current services estimates for defense were based on the previous year's appropriation adjusted for inflation, with no real growth. This well-established practice was inexplicably abandoned in 1984.

(4) OMB's approach was considered but rejected by the Congressional Budget Office (CBO) in obtaining their baseline budget estimates, which (except for differences in the underlying economic forecast) are similar to the estimates prepared by DOD in accordance with OMB regulations.

In one area the current services estimates for defense have been improved. Prior to this year, OMB allowed DOD to project inflation for major weapon systems at 1.3 percent times the anticipated increase in the GNP deflator. For example, if the GNP deflator were projected to rise by 10 percent per year, the cost of major weapon systems would be projected to increase by 13 percent annually. The GAO found that this led to excessive inflation estimates for weapon systems, and OMB has discontinued this practice.4/

The Balanced Budget and Emergency Deficit Control Act of 1985 officially revised the timetable for the current services budget. The Budget Act of 1974 required that the President submit his current services budget to Congress before November 11 of each year, with the evaluation by the Joint Economic Committee to be submitted to the Budget Committees before January 1. Compliance with these deadlines typically did not occur, because it would have reduced the usefulness of the evaluation, which would have been based on economic assumptions not necessarily adopted for the ensuing budget. Each year it was necessary to extend the deadlines on a one-year basis, so that the President submitted his current services analysis with his budget for the ensuing fiscal year, with subsequent evaluation by the Joint Economic Committee. This section of the Budget Act was modified in 1985, to make the law consistent with the present satisfactory practice.

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4/ General Accounting Office, Potential for Excess Funds in DOD, September 3, 1985.

In summary, the current services budget could and should be a valuable aid to the Congress in budget decisionmaking. In practice, the intent of the Budget Act has not been carried out by the Office of Management and Budget. Since 1984 artificially high baselines have been used in an attempt to portray significant increases in the defense budget as reductions. This year OMB's defense baseline is far greater than that proposed by DOD in accordance with OMB's own guidelines. A major reappraisal and reform of the current services budget should be undertaken to achieve the original goals of the Congress.

99TH CONGRESS, 2D SESSION

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DEPUTY CHIEF OF STAFF

**Congress of the United States**
JOINT COMMITTEE ON TAXATION
1015 LONGWORTH HOUSE OFFICE BUILDING
**Washington, DC 20515-6453**

MAR 3 1986

Honorable Pete V. Domenici
Chairman, Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Domenici:

The Joint Committee on Taxation is submitting as its report on the budget for fiscal year 1987 the enclosed publication, Estimates of Federal Tax Expenditures for Fiscal Years 1987-1991.* The report was prepared by the staff of the Joint Committee (with assistance from the staff of the Treasury Department).

The items listed in the pamphlet are more inclusive than those listed in Special Analysis G of the President's fiscal year 1987 budget. Differences in coverage are pointed out in part II of the pamphlet. In the budget, estimates are presented for fiscal years 1985, 1986 and 1987. The Joint Committee report covers fiscal years 1987 through 1991.

Other matters relevant to the budget on which the Joint Committee works are covered in the report on your committee by the Committee on Finance.

Sincerely,

David H. Brockway

David H. Brockway

Enclosures - 2

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*See Chapter III, Revenues, Table 3, this report.

# ROLLCALL VOTES IN COMMITTEE

**Rollcall votes taken during Committee consideration of this legislation are as follows:**

March 5, 1986

1. By unanimous consent the Committee adopted the economic and technical assumptions and baseline as recommended by CBO.

March 6, 1986

2. Motion to recede to the sequester budget:

Motion not agreed to: 0 Yeas 22 Nays

Yeas:

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Andrews
Symms
Grassley
Kasten
Quayle
Gorton
Danforth
Chiles
Hollings
Johnston
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Exon
Lautenberg

3. Motion to accept the President's budget:

Motion not agreed to: 6 Yeas 16 Nays

Yeas:
Domenici
Armstrong
Boschwitz
Hatch
Syms
Quayle

Nays:
Kassebaum
Andrews
Grassley
Kasten
Gorton
Danforth
Chiles
Hollings
Johnston
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Exon
Lautenberg

March 19, 1986

4. By unanimous consent the Committee adopted the Domenici-Chiles overall budget plan as original text for the purposes of further amendment.

March 19, 1986

5. Andrews motion to set totals in Function 500, Education at:

| | 1987 | 1988 | 1989 |
|---|---|---|---|
| Budget authority | 32.6 | 32.6 | 32.6 |
| Outlays | 31.0 | 31.0 | 31.0 |

Motion not agreed to: 9 Yeas 11 Nays

Yeas:
Andrews
Kasten
Hollings
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Lautenberg

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Grassley
Gorton
Danforth
Chiles
Johnston
Exon

Not voting: Quayle

March 19, 1986

6. Andrews motion to set totals in Function 550, Health at:

| | 1987 | 1988 | 1989 |
|---|---|---|---|
| Budget authority | 39.1 | 41.7 | 44.3 |
| Outlays | 39.1 | 41.5 | 43.8 |

Motion not agreed to: 7 Yeas 13 Nays

Yeas:
Andrews
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Lautenberg

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Grassley
Kasten
Gorton
Danforth
Chiles
Hollings
Johnston
Exon

Not voting:
Symms
Quayle

March 19, 1986

7. Moynihan/Sasser/Riegle/Johnston motion to fully fund general revenue sharing subject to enactment of a reauthorization and a corresponding increase in revenues.

Motion not agreed to: 9 Yeas 12 Nays

Yeas:
Andrews
Kasten
Johnston
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Lautenberg

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Symms
Grassley
Gorton
Danforth
Chiles
Hollings
Exon

Not voting: Quayle

March 19, 1986

8. Metzenbaum child health initiative affecting the following Functions in budget authority and outlays:

| | 1987 | 1988 | 1989 |
|---|---|---|---|
| Function 550: | +0.1 | --- | --- |
| Function 600: | +0.1 | --- | --- |
| Function 950 (Conrail offset): | -0.2 | --- | --- |

Motion not agreed to: 6 Yeas 15 Nays

Yeas:
Sasser
Hart
Metzenbaum
Riegle
Moynihan
Lautenberg

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Andrews
Symms
Grassley
Kasten
Gorton
Danforth
Chiles
Hollings
Johnston
Exon

Not voting: Quayle

March 19, 1986

9. Lautenberg/Riegle/Sasser overall budget plan:

| | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|
| | BA | Outlays | BA | Outlays | BA | Outlays |
| Spending | 1088.6 | 1006.1 | 1172.2 | 1060.3 | 1225.3 | 1091.0 |
| Revenues | | 863.6 | | 952.3 | | 1019.0 |
| Deficit | | 142.5 | | 108.0 | | 72.0 |

Motion not agreed to: 5 Yeas 16 Nays

Yeas:
Sasser
Hart
Metzenbaum
Riegle
Lautenberg

Nays:
Domenici
Armstrong
Kassebaum
Boschwitz
Hatch
Andrews
Symms
Grassley
Kasten
Gorton
Danforth
Chiles
Hollings
Johnston
Moynihan
Exon

Not voting: Quayle

March 19, 1986

10. By unanimous consent the Committee agreed that staff be given permission to calculate the necessary credit numbers for functions and aggregates.

11. By unanimous consent the Committee agreed that staff be given permission to make necessary clerical and technical corrections.

12. By unanimous consent the Committee agreed that members have until 10:00 AM Friday, March 21, 1986 to file supplemental, minority or additional views.

13. By unanimous consent the Committee agreed that the format for the budget resolution as recommended by joint staff be adopted.

14. By unanimous consent the Committee agreed on May 15th as the date by which committees must submit reconciliation recommendations.

March 19, 1986

15. Adoption of Domenici-Chiles overall budget plan as final report to Senate:

| | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|
| | BA | Outlays | BA | Outlays | BA | Outlays |
| Spending | 1097.4 | 1006.6 | 1169.8 | 1055.7 | 1220.4 | 1088.7 |
| Revenues | | 862.7 | | 947.8 | | 1020.1 |
| Deficit | | 143.9 | | 107.9 | | 68.6 |

Motion agreed to: 13 Yeas 9 Nays

| Yeas: | Nays: |
|---|---|
| Domenici | Armstrong |
| Kassebaum | Hatch |
| Boschwitz | Symms |
| Andrews | Kasten |
| Grassley | Quayle |
| Gorton | Sasser |
| Danforth | Hart |
| Chiles | Moynihan |
| Hollings | Lautenberg |
| Johnston | |
| Metzenbaum | |
| Riegle | |
| Exon | |

# ADDITIONAL VIEWS OF SENATOR ERNEST F. HOLLINGS

The development of the 1987 Budget Resolution is marked by the return of a bi-partisan effort by the Chairman and the Ranking Democrat Member to resolve our nation's deficit crisis. After 5 years of sorry partisanship, the record of this year's effort is one that the Senate can praise. In order to meet the guidelines of the Balanced Budget and Emergency Deficit Control Act of 1985, the "Gramm-Rudman-Hollings Act," the Chairman and Ranking Member have forged a compromise budget that is far superior to that sent to the Congress by the President—who failed to meet the required deficit targets by $16 billion.

The Budget Resolution as reported demonstrates that the Gramm-Rudman-Hollings deficit targets can be reached without decimating federal programs—even while using realistic assumptions about economic performance. The Resolution adheres to the economic assumptions and forecasts of the non-partisan CBO. And it adheres to the basic idea of my earlier attempts to freeze the budget and achieve deficit reductions by requiring across-the-board cuts and sharing in the burden to bring deficits under control.

Several important aspects of the plan should be highlighted. First, it provides for revenues. Revenues must be part of any realistic package to reduce the deficit. There is no getting around it. Congress is not willing to go with the deeper cuts and program eliminations recommended by the Reagan Administration in education, health care, veterans programs and other areas. The $12.5 billion in unspecified revenues contained in the Resolution can easily be obtained with a 5 percent minimum corporate tax or a $6 barrel oil import fee. Under no circumstances, however, will I support any tax increase on individuals to reach these targets.

Second, unlike the President's plan, this resolution does not suspend the cost-of-living adjustments (COLAs) in retirement pay for military and Federal civilian retirees. This group was unfairly singled out in 1986—among all elements receiving COLAs—and required to sacrifice their COLAs. While there was some early discussion in the Budget Committee about a second consecutive COLA freeze, these proposals were shelved when I presented a budget plan meeting the deficit targets while still protecting all COLAs. Also, unlike the President's plan, the Resolution does not cut veterans medical assistance. It is my strong belief that America's veterans already have made the premier sacrifice in their defense of this country and have received their fair share of budgetary cuts in years past.

Third, the Resolution does not cut any direct benefit or increase beneficiary payments in Medicare and other health care programs. As recommended in my budget plan with Senator Boschwitz, it finds savings in health programs by requiring second surgical opinions, generic drugs, expanded third party payments, and limited administrative costs. I also am most pleased that the Committee plan accepted my request for an additional $100 million to provide for an amended Medicaid law which will provide coverage for expectant women and infants with incomes below the Federal poverty level.

Fourth, the Resolution provides for the needy by providing full cost-of-living increases to means-tested programs and to the Women, Infants and Children's (WIC) program and, while there will be reductions in community and regional development programs, there will not be the broad program terminations sought by the President's budget.

Though the Resolution provides for these important needs, it is woefully short in its treatment of two critical national priorities. Specifically, it cuts federal education programs by $800 million and it reduces national defense to a level which will hinder vital readiness and modernization needs.

A couple of years ago, President Reagan appointed a commission to evaluate the status of education in America. That commission's report was entitled, "A Nation at Risk." The importance of education to our children and to our nation's future in inarguable. Similarly, budgetary discipline is important to our nation's future. Our children should not have to pay their way and ours. It is a sad commentary that we in public life all too often look ahead to the next election rather than to the next generation. In government and as Senators, we are required to set priorities. Our children should come first and I will work toward that objective throughout this year's budget debate.

National defense is a priority and we as Democrats must face up to it. We have had a substantial increase in military spending since President Reagan has been in office and there are legitimate concerns about whether we have obtained the capability for the money spent. That is a decision for the Congress to make during the authorization and appropriations process. It is this Senator's belief that the Defense budget should provide for full inflation as a minimum—$301 billion. The President is seeking a 6 percent real increase in spending—$320 billion—while the Resolution provides for $295 billion, or a figure essentially provided two years ago in FY 1985 and $6 billion less than the full amount for inflation. We must maintain a proper funding level for readiness, training, manpower, and key strategic and conventional improvements. The defense total in the Resolution represents a real cut and should be rejected by the Senate and full inflation should be restored.

ERNEST F. HOLLINGS.

# ADDITIONAL VIEWS OF SENATOR DONALD W. RIEGLE, JR.

I voted for the bipartisan budget proposal because I believe very deeply that the future strength of our nation's economy requires the adoption and implementation of a budget that will rid us of the massive deficits that we have experienced over the past 5 years. Given the dynamics of the competing and often mutually exclusive budget objectives of each member of this Committee, I am pleased that, after several weeks of hard work, a compromise emerged that received support of a majority of members on both sides of the aisle. The compromise is a significant achievement especially when compared to the President's proposal which we received early last month.

However, this budget contains specific proposals which I do not support. I do not like the deep cut in transit assistance, or the cuts in Medicaid, or low-income energy assistance, or the elimination of the WIN program, or the reductions in subsidized housing. During the Committee's deliberations I presented my own budget proposal, together with Senators Lautenberg and Sasser. We offered a more balanced approach which, in addition to domestic sacrifices, asked for a more equitable contribution from defense, and provided for essential new initiatives in education and social services. Unfortunately, this approach was not acceptable to a majority of the Committee members.

Consequently, in the interest of devising a plan that the majority could support, I worked very closely with those designing the bipartisan package in an effort to blunt several of the proposed domestic reductions and to restore key programs slated for termination. In particular, I was pleased that the Chairman and the Ranking Democratic Member accepted my suggestion regarding the treatment of General Revenue Sharing. This program had been targeted for elimination, and even though I supported and will continue to advocate full funding for this program, we were able to keep the program alive by settling for roughly half of last year's funding level, subject to reauthorization.

In addition, I was pleased that the Committee accepted my recommendation regarding the deferral of $500 million from the Community Development Block Grant program. The technical design of the CBO baseline assumes that the deferral takes place unless specific action is taken to the contrary. As the Senator who introduced the resolution of disapproval, which currently has 38 cosponsors, I felt that it was unrealistic to accept the deferral of these funds given the likelihood of Congressional action overturning this deferral. Therefore, this budget resolution specifically assumes the overturning of the CDBG deferral, and the numbers in the resolution reflect this assumption.

The deficit crisis we face as a nation demands that we rise above the political brinkmanship that has stymied our efforts to design a solution to this critical problem. I have long supported efforts to bridge the partisan gap that brought Congress last year to the desperate action of shirking its responsibilities by enacting the Gramm-Rudman legislation.

This budget resolution illustrates the way the Congressional budget process should work—not by some arbitrary means such as Gramm-Rudman. The cooperation and compromise between members of the Budget Committee proves that we can reduce the Federal deficit without dismantling important programs and without across-the-board tax increases.

I hope the spirit of cooperation that has animated this bipartisan approach in the Senate Budget Committee will continue during Senate floor consideration and with our negotiations with the House.

DONALD W. RIEGLE, JR.

# MINORITY VIEWS OF SENATOR WILLIAM L. ARMSTRONG

Mark Twain once boasted of a brawl he'd allegedly won as follows: "Thrusting my nose firmly between his teeth, I pulled him to the ground heavily on top of me."

That about describes how the Senate Budget Committee has waged the fight against deficits this year. While some may claim victory, I think the Committee took a licking.

I object to the Committee plan because it resorts to unnecessary tax increases, unjustified reductions in national defense, and provides mostly for nickle-and-dime savings in domestic programs to reach the $144 billion Gramm-Rudman-Hollings deficit target.

## DEFENSE

The defense levels in the Committee's plan reduces the President's request by $97 billion in budget authority over the next 3 years. Defense spending in this plan is also $29 billion less than President Jimmy Carter proposed for FY86 and $17.7 billion less through 1989 than Congress promised President Reagan last August in the FY86 budget resolution.

In arriving at these defense levels, the Committee undertook little analysis of our country's defense needs. Instead, defense spending was determined largely by how many votes could be lined-up. This is simply not a legitimate test of how much defense we need. It strikes me as improvident to violate Congress' agreement with the President last August after so little substantive discussion has taken place on just what is needed for national security.

Some committee members profess that this budget will force the President to deal. I believe the reductions made in defense proves that Congress has not dealt in good faith with the President. This does not augur well for successful negotiations this year.

## TAX INCREASES

The Committee plan proposes $73 billion in tax increases over the next 3 years. I oppose this for several reasons. First, Americans are not undertaxed; the Federal Government overspends. Since 1960, total Federal outlays have increased from $92 billion to $980 billion—nearly 1,000 percent. Since 1980, outlays have increased by $390 billion—or 67 percent in 6 years. Outlays stood at 24 percent of GNP in 1985 and will be an estimated 23.5 percent of GNP in

1986, well above their historic average. Meanwhile, Federal revenues remain at their historic level of 19 percent of GNP.

Second, a tax increase of this magnitude threatens proposals for tax reform. Adding $73 billion to the burden of crafting a balanced revenue neutral package makes tax reform unworkable. Like everyone else I reserve judgment on what kind of tax reform is best. But I do not believe that 2 years of work and commitment by the President and many in Congress should be denied a fair chance because some desire unwarranted tax increases to bail out Federal spending excesses.

## REJECTION OF SPENDING REFORMS

New revenues should not be considered until domestic spending has been closely scrutinized and needless programs reformed or eliminated. This budget completely fails to do so.

For a while there was talk that new revenues were needed to pay for higher defense spending. Instead this plan promises new taxes and less defense.

Tax increases will pay for more Amtrak subsidies for upper-middle-class rail travelers, more UDAG grants for big hotel corporations, more Small Business Administration hand-outs to liquor stores, car dealers, restaurants, and other enterprises for whom plenty of private credit is available. These tax increases will pay for more projects of the Economic Development Administration and Appalachian Regional Commission (cut only 10 percent) and more duplicative and unnecessary funds from the Community Services Block Grants.

More taxes are proposed instead of capping the Strategic Petroleum Reserve. More taxes will pay for aid to the arts, open-ended mass transit assistance to States, and more subsidies for the postal service. Tax increases will pay for new subsidized housing assistance despite the fact that hundreds of billions in housing aid previously authorized has yet to be spent.

To add a final indignity, the Committee suggests that $1.8 billion be made available for the continuation of the Revenue Sharing program if it is reauthorized. This is truly the litmus test. If Congress revives this program, which it has already voted to end and which cannot be justified under the Gramm-Rudman-Hollings constraints, then any credibility it has for ending deficits will vanish.

## SUMMARY: AN UNNECESSARY PLAN

Perhaps worst of all, the Budget Committee's plan to raise taxes is simply not necessary. The American economy remains robust in the 39th month of expansion under President Reagan. Inflation has been beaten as producer and consumer prices continue to fall steadily. Construction of new homes remains strong and employment continues to rise. Most forecasters predict that 1986 will be another banner year for the economy.

Oil prices have dropped precipitously. This decline is expected to boost GNP growth and further lower interest rates. Declining oil prices will also help reduce the U.S. trade deficit and assist in reducing the budget deficit. Continued prosperity already will bring in billions more in new revenues without levying new taxes. New taxes, in fact, will dampen economic growth. It is simply the wrong policy at the wrong time.

I find it disappointing that the price for "bipartisanship" on budget matters is usually a large tax increase, deep cuts in defense, and added billions for domestic programs. That is not my agenda, not President Reagan's. Walter Mondale proposed the very same thing and did not fare very well. It surprises me that some still find no meaning in that.

WILLIAM L. ARMSTRONG.

# MINORITY VIEWS OF SENATOR ORRIN G. HATCH

My colleagues on the Budget Committee have not yet mastered the science of public finance. The resolution reported by the Committee for FY 1987 constitutes a reprise of the catalog of mistakes seen over the last 4 years, and I believe it constitutes short-sighted public policy. In the last 4 years of trying to balance the budget, we have succeeded in doing very little except to reduce defense spending and raise taxes. It may seem that a reduced commitment to our national security or an increase in internal revenue collections are reasonable options to consider in attempting to reduce Federal spending and, in general, I would agree with my colleagues that these proposals belong among the tools at our disposal. Yet the last few years would lead an observer to conclude that only these two areas are available for consideration.

Despite yearly assumptions concerning the reduction of Federal domestic programs, in the end we seem to do little to discipline ourselves to the requirement of anticipating the surge in new spending which offsets any progress made as a result of those assumptions. It is about time that my colleagues on the Committee and in the Senate looked at the overall trends regarding domestic spending, national security requirements, and revenue levels.

For example, while total Congressional spending exceeded Congress' own budget resolutions in the 1983–85 period by $24 billion, the only factor preventing this average from doubling was $27 billion less in defense spending than called for in the same resolutions. Domestic spending is the problem. At the same time, we have been raising taxes—the four nex tax laws in the last 5 years will cost $95 billion in FY 1987 alone.

Our national-security spending policy, while certainly affecting our budgetary outcome, can only be evaluated in view of the threat to our national security, our commitment to freedom at home and around the world, and our desire to keep our nation at peace. Of course, the threat is often difficult to quantify, but I think we can develop some idea of the long-term trend in the threat by looking at Soviet spending. For at least 20 years the Soviet emperors have been spending money on their military buildup at a rate 30 percent greater than the United States. In the strategic arms category, it is estimated that they have been outspending us four to one since the signing of SALT I in 1972. And it is no secret that Soviet and Warsaw Pact conventional forces have for decades possessed a decided advantage. Regrettably, the major impact of current reductions in defense-spending policy will fall on our conventional forces. The problem with our spending reductions is that world peace is threatened as a result. But to appreciate the relationship as it stands in my mind I want to summarize for you the record of the last 40 years.

Deterrence has been the principal factor in preventing the outbreak of war between the U.S. and the U.S.S.R. in the years since the end of World War II. In contrast to the post-World War II period of peace, the first four decades of this country saw two world wars comprising massive devastation and loss of life. In fact, since the second century A.D. under the *Pax Romana,* the western world has known *no* long periods of general peace. The modern record was 38 years, 9 months, and 5 days from Waterloo to the Crimean War. The fact that we have protected the peace for more than 40 years is highly significant as an endorsement of the peace-through-strength concept.

The trend toward defense cuts and tax increases in Congress has put us in an unfortunate rut. Too often members find themselves sponsoring or supporting projects of local significance, or programs of immediate financial benefit to constituents, at the expense of Federal programs that are more appropriate for a national government to be financing. Look at the current attempts to reduce defense spending or basic scientific research in order to expand cash payment programs. Spending for national security has declined from 49 percent of the budget in 1962 to about 27 percent today. While many of the domestic entitlement programs provide services or funds that might easily be provided by family, church, charitable groups, or local government, certain programs at the national level, like scientific research or national security, cannot be funded by other than Congress. Thus, while essential Federal investment programs are taking a beating at the hands of the budget process, Congress has emphasized short-term dispensations to garner the limited endorsements of a patchwork of special-interest groups. How long does Congress think it can continue to bribe the taxpayers with their own money?

ORRIN HATCH.

# MINORITY VIEWS OF SENATOR ROBERT W. KASTEN, JR.

The Budget resolution adopted by this committee threatens the very economic recovery we are depending on.

The goal of reducing deficit spending this year to a total of $144 billion is a good one. But we are doing it through increased taxation, not reduced spending.

I cannot in good conscience vote for, or support, this Budget Resolution. Increasing taxes on the working men and women of this country is not the answer.

This budget resolution may reach our immediate goal for reducing deficit spending, but it will handicap the economy in so doing. We may win the budget battle, but we will lose the economic war.

No one is looking at the dynamics of what we are doing. What effect will a $73.9 billion tax increase over the next three years have on the economy? The economic assumptions used to develop this Budget do not include a tax increase of anywhere near this magnitude. We were seeing fairly optimistic projections brought on by the promise of reduced spending, a lower deficit and falling oil prices. This tax increase will offset many of these gains.

A tax increase of this magnitude will cost the nation jobs, and discourage investment. Such results are unacceptable, and will lead to budget difficulties in the future.

I am also disappointed that we could not agree on a program to fund General Revenue Sharing at an adequate level. General Revenue Sharing reaches 39,000 local units of government, 30,000 more than any other type of federal assistance to municipalities. It provides critical assistance to deliver the most basic, and essential government services.

Instead of eliminating this program, we should be using it as a model of how to efficiently deliver services. General Revenue Sharing is widely regarded as a program that spends an extremely small fraction of its funds on overhead, and delivers its resources to the actual performance of services.

I would have preferred a modified across the board freeze to this proposal. A freeze, combined with increased compliance would bring us to the agreed upon deficit target.

Robert W. Kasten, Jr.

# MINORITY VIEWS OF SENATOR DAN QUAYLE

I am unable to support the Concurrent Budget Resolution for fiscal year 1987 which has been reported by the Senate Budget Committee. I believe this resolution, although it is projected to reach the deficit reduction targets of Gramm-Rudman-Hollings, does not reflect the proper course I believe our nation should pursue. I believe it puts our nation's economic recovery at risk through an unnecessary increase in taxes, and it puts our national security at risk through severe cuts in funding for defense.

The reported budget resolution achieves the Gramm-Rudman-Hollings target for FY 1987 and for the out-years through cuts in the national defense function below the FY 1986 level, despite our needed current modernization efforts. This resolution also provides for an increase in taxes despite the economic growth we have experienced as a direct result of previous tax limitations. Furthermore, inefficient and unnecessary programs are continued at the expense of those domestic programs of merit.

The Federal deficit is not caused by too few revenue dollars incoming, but rather too many dollars spent at an ever increasing rate. Over the course of the past 20 years Federal revenues have grown parallel with the economy, having averaged slightly over 18 percent of the GNP with little variance. Over those same 20 years, Federal spending has increased substantially. During the early 1960's, outlays were balanced with receipts at an average of 18.7 percent of GNP, but, over the first 6 years of this decade, spending increased to an average of 23.3 percent of GNP. The reported resolution would set us on the path of increased taxes for at least the next 3 years, totaling nearly $74 billion, rather than addressing the obvious cause of our current deficit—increased Federal spending.

The final FY 1986 budget resolution provided for zero real growth for defense in FY 1986, and 3 percent real growth in FY 1987 and 1988; however, Congress appropriated an amount representing less than zero growth in FY 1986 and further Gramm-Rudman-Hollings sequestration resulted in a significant reduction in budget authority for the defense function. The FY 1987 Senate Budget Committee reported resolution would have funding for defense reduced by an additional $4 billion, even though non-defense programs, excluding Social Security and interest on the debt, account for more Federal outlays than the total of the entire defense and international affairs functions, plus Coast Guard and border patrol funding. Furthermore, since 1980, the growth in entitlements and other social programs has exceeded that of defense spending.

Further cuts in defense spending are causing the United States to engage in unilateral reductions by budgetary means, severely restricting our ability to effectively negotiate a favorable arms control agreement. Another year of under-funding will result in inadequate maintenance and substandard force readiness. Personnel reductions become unavoidable, and research and development innovations are prevented from a timely transition to production. The uncertainty of funding and the perception of Congress' unwillingness to commit the funds necessary to complete our modernization effort will lead to higher procurement costs, reversing the downward trend from 14 percent weapons cost growth in 1980 to less than 1 percent growth in 1984.

In sum, I believe this resolution reflects priorities which are out of balance. We must remain committed to a strong defense, and through spending cuts rather than tax increases, we must remain committed to strong economic growth.

DAN QUAYLE.

# MINORITY VIEWS OF SENATOR JIM SASSER

The budget resolution reported out by the Committee is significant. It represents a truly bipartisan attempt to deal with the huge deficits created by this Administration's failed economic policies of the past 5 years.

It is to a large degree a repudiation of the President's budget and spending priorities: it rejects unwarranted defense increases, and curtails the assault on domestic spending programs. The fact that a majority of Republicans and Democrats on the Committee were willing to derail the President's budget priorities this year is surely a tribute to the diligent efforts of both the Chairman and the Ranking Minority Member. They must be commended for their efforts in this regard.

But while this budget resolution represents a victory within the context of congressional politics, it falls short of the priorities which many of us feel are crucial to the future growth of the Nation's collective human capital. Our nation is entering a critical period, one which will either affirm the policies of the past 5 years, or one which will envision a constructive redirection geared towards ensuring expanded opportunities for future generations.

There have been some disturbing trends which have developed over the past several years. The gap between upper and lower income families is now wider than at any time since the Census Bureau began collecting data in 1947. While families in the middle and lower end of the income scale are receiving the lowest shares of the national income pie, the wealthiest 40 percent of U.S. families are receiving the largest share ever recorded.

There are now 33.7 million Americans below the poverty line. Today, one out of every seven Americans lives in poverty. Particularly disturbing, however, is the degree to which increasing poverty disproportionately affects children, especially young children. Almost one out of every four children under the age of six in this country lives in poverty. Fifteen years ago, the child poverty rate stood at 13.8 percent. Today, the child poverty rate has climbed to 21.3 percent.

Another disturbing trend has been the loss of American jobs due to a continually worsening trade deficit. A Department of Labor study of 5.1 million workers whose jobs were abolished between January 1979 and 1984 showed that 40 percent were either unemployed or were out of the labor force. Chronic unemployment persists while the unemployment rate continues to hover around the 7 percent mark, and only recently unemployment has jumped precipitously.

In the face of this chronic unemployment, the percentage of unemployed persons receiving unemployment benefits in 1985 fell to the lowest level recorded in the program's history. Fewer than one out of every three (32.6 percent) jobless workers collected benefits in an average month. This is well below the levels of coverage seen in the 1970's, where at one point over 75 percent of unemployed workers received benefits.

We simply must address the nagging problems of chronic unemployment, hunger, homelessness, and inadequate levels of funding for education for our children. The need to address these high priority items prompted me, along with my colleagues Senators Riegle and Lautenberg, to offer a substitute budget plan which differed from the Domenici-Chiles package on three major points: one, it achieved a deeper level of deficit reduction; second, it was more balanced in its application of budget cuts; and third, it recognized the need to substantially increase funding for high priority items such as education and joblessness.

The budget that we offered would not only have met the deficit target of $144 billion mandated by the Gramm-Rudman-Hollings Balanced Budget Act, but actually would have surpassed it by $1.5 billion.

The budget that we offered differed little from the Committee passed version with respect to revenues. Both plans sought approximately 48 percent of the deficit reduction effort from revenues effort. However, where the compromise package assumed a 10-percent contribution from defense and 38 percent from non-defense domestic spending reductions, our plan assumed a 23-percent contribution from defense and international affairs and 28 percent from nondefense domestic spending reductions.

Further, our plan assumed additional funding for three key areas of growth and investment: First, it assumed a $700 million investment in general science and technology; second, it assumed a $500 million investment in child nutrition and jobless benefits; and third, it assumed a $1 billion investment in education and job training iniatives. Also, our plan assumed continuation of full funding for important economic development programs like General Revenue Sharing and Urban Mass Transit. These programs are vital to many of our poorer local communities. Our plan also sought to protect the agricultural community from further debilitating cutbacks.

In conclusion, the compromise package is exactly that, a compromise born of political reality. Even more than that it is a good compromise. There are many areas where I am in agreement with the package, such as the rejection of the President's proposal to impose a tax on homeownership through the imposition of user fees on government-sponsored enterprises such as GNMA and FNMA, and increased up-front costs for FHA and VA loans. But there are some of us who felt there was both a fairer and more effective way of achieving much-needed deficit reduction. The compromise represents a good start, however we still have a long way to go.

JIM SASSER.

# MINORITY VIEWS OF SENATOR DANIEL PATRICK MOYNIHAN

In February 1982, when the Administration first proposed a budget of its own making (for FY 1983), it undertook deliberately to deceive the Budget Committee, the Congress, and the people of the United States.

The Administration then knew that the 1981 tax cut would lead to a loss in revenues of about $650 billion between FY 1982-86—over $800 billion including the additional interest payments—and rapidly increasing defense spending, would institutionalize triple-digit deficits.

The Administration decided to conceal this by misrepresentation. The FY 1983 budget forecast that the deficit for FY 1983 would be $91.5 billion. The Administration knew better. We on this Committee knew better. Committee staff knew better. (The public did not then, nor perhaps does it now yet realize this.) Of course, the deficit for FY 1983 turned out to be $195 billion.

For the first time in history, and for the rest of the decade, we faced $200 billion deficits. And the Administration had concealed this coming.

As a result, the Committee and the Congress began routinely to reject the President's budget proposals. We simply disbelieve the document and distrust those who delivered it.

Last year the Budget Committee rejected the President's budget by a vote of 17 to 4, after 5 days of consideration. This year, the Committee voted down the President's budget after only two days of consideration by a 16-to-6 vote. The President's budget now has a half-life in the Senate of about 48 hours.

On February 5, the Administration formally presented its budget to Congress.

The President's budget included proposals to terminate over 40 major domestic programs. The Administration knew this would not be taken seriously by Congress and it was not.

The Administration claimed that its budget met the Gramm-Rudman-Hollings deficit ceiling of $144 billion in FY 1987, $108 billion in FY 1988, and so on down to zero in FY 1991.

Three weeks later, the Congressional Budget Office published its annual analysis of the President's Budget and found that, in fact, the budget was $16 billion over the Gramm-Rudman-Hollings deficit ceiling for FY 1987, and $130 billion over the ceilings for FY 1987-91.

And so this year once again.

The abuse of office and trust has become institutionalized. It is destroying the budget process. The Budget Committee no longer relies upon the Office of Management and Budget, for we do not trust it. As a consequence of this lack of confidence, we write our own budgets. We do our best. But the product is not good enough.

I was paticularly disturbed this year by the Committee's decision to specify that General Revenue Sharing would be terminated. On page 5 of the Domenici-Chiles Budget Proposal for the FY 1987 Budget Resolution, under Function 850, there are the words "Terminate GRS" (General Revenue Sharing). All the Budget Committee is charged to do is set a total spending level for Function 850—General Purpose Fiscal Assistance.

Although the task of the Budget Committee is merely to set numerical totals for spending, we act as though we make decisions about the fates of particular programs. This is not what the Budget Act provides. Nor do we have the capacity or knowledge to examine every federal program, and make such determinations. This is the work of the authorizing and appropriating committees.

Senators Sasser, Riegle, and Johnston joined me in offering a deficit neutral amendment to the FY 1987 Budget Resolution. The case we made was simple: Why not allow room in the Budget Resolution for the Congress to reauthorize and finance the program at its historic funding level of $4.6 billion?

I read to the Committee an excerpt from a speech delivered by Henry G. Cisneros, mayor of San Antonio and president of the National League of Cities, to the 1986 Congressional-City Conference in Washington:

> This year all of us together face a new problem that none of those who sat in these chair has faced before. It is a disastrous dismantling of the federal-local partnership. It is a meat-axe chopping of the domestic obligations of government.
>
> These are not in the category of threats or distant storm clouds, but the realities of the next 90 to 120 days. The mood, our response, must not be gloom or timidity or uncertainty or hang-dog apologetics. We must be determined to stand up for what is right in the face of what I can only call disrespect: a disrespect for our cities, disrespect for the people who govern them and disrespect for the people who live in them.
>
> Now if you think that the word disrespect is too strong, then I don't know any other word that describes what is happening. "Miscommunication" or "misunderstanding" doesn't explain it. The only word that I can find that fits the bill is "disrespect."

How else can one account for the fact that since 1980, when urban programs were $69 billion in our nation's budget, that today they are $17 billion—a dramatic cut? Yet over that same period of time, the deficit has grown from $27 billion to $200 billion. Picture for a minute; a deficit that has grown from $27 billion to $200 billion, our programs have gone from $69 billion to $17 billion, and it is we who are blamed for the deficit.

It is just not true, and don't you believe it.

General Revenue Sharing is more than a grant-in-aid program. It is applied federalism. As an Assistant Secretary of Labor in the Johnson Administration, I wrote the plank in the 1964 Democratic Platform calling for revenue sharing. As Assistant to the President in 1969, I drafted the Presidential message to Congress outlining the revenue sharing program that became law in 1972. It was my particular thought to provide funds to local governments as well as to the States.

The funds from this program are distributed to 39,000 units of government, including 3,049 counties nationwide. Jurisdictions with populations of less than 10,000, most of which receive no other assistance from the federal government, account for more than 85 percent of the program's recipients. Revenue Sharing is the only form of federal assistance received by more than 30,000 local governments.

More than half the funds are used for police, fire, schools and hospitals. They are used as well to help maintain roads, highways, and bridges and to build jails and sewage and water treatment facilities. Funds also are used to provide services for poor and elderly Americans through programs such as Meals on Wheels. Less than 0.2 percent of the funds are used for administration costs, making the program one of the most efficient the government has ever established.

Without revenue sharing, local governments will be faced with the choice of increasing taxes or cutting services. For many local governments, taxes would have to go up more than 30 percent to compensate for the loss of revenue sharing.

We lost the vote on General Revenue Sharing 12 to 9. I will take the issue to the Senate floor.

I was also disappointed with the decision of the Committee found on page 4 of the Domenici-Chiles Budget Proposal. In Function 500, we find: "Eliminate the WIN program." The Work Incentive Program, like General Revenue Sharing falls under the jurisdiction of the Finance Committee. Funds obtained under this program have been used to create innovative Employment and Training programs at the State level, as the "E.T.-Choices" program created by Governor Dukakis in Massachusetts, and the program should not be treated so flippantly by this Committee.

On a more positive note, I am heartened by the Budget Committee's acceptance of the notion of selling some of the federal government's $257 billion portfolio of loan assets as part of an effort to reduce the deficit. The Budget Resolution assumes about $2 billion in such sales over the next three fiscal years.

Last year, Senator Lautenberg joined me in offering a proposal to sell over $100 billion of federal loan assets over three years. That proposal was, well, raucously rejected by this Committee. As I recall, on that occasion, the Chairman asked whether this was my proposal to sell the Grand Canyon. On the floor of the Senate, another distinguished member of the Committee, designated to oppose our proposal on behalf of the majority, referred to it as the "flim-flam" amendment. (Later, on the Senate floor, we offered an amendment to establish a pilot program of loan asset sales, calling for the sale of $8 billion in rural housing loans for each of the next three years. That proposal got just 26 votes.)

This year, the President included $2.2 billion of loan asset sales in his Budget proposal, and this Committee has now approved the idea.

In cour meeting of March 19, I asked of our indefatigably good natured Chairman whether his proposal for "loan asset sales" found on page 4 of his proposal, in Function 500, was similar to the proposal Senator Lautenberg and I had offered last year, to the incredulity, nay hilarity of other members of the Committee.

Yes citizens, the very same. What was hooted at by the majority a year ago is quietly adopted one year later.

I would like, self-consciously perhaps, for I myself have only the most modest, if indeed any talent for these matters, to suggest that this small episode reveals a large problem.

The Budget Committee, for all the genuinely admirable qualities of its members, is simply not up to the management of so complex a financial institution as the United States Government.

The difficulty with our Loan Sale proposal when we presented it last year was that, simple though it might be, it was altogether too complicated for the Budget Committee to understand.

It had been explained to me by a 31 year-old member of my staff who had previously worked on the subject when she had been a staff member at the Office of Management and Budget. She understood it readily enough, and could make me understand it. But I did not have the ability to make the Committee members understand, nor even did Senator Lautenberg with his great business experience and authority.

Over the year, obviously, staff members for the majority have patiently explained this elemental commercial transaction—the sale of loans to a secondary market—to the Committee members, and now we see a (much too modest) proposal presented to us.

This would not be a problem if the Committee could trust the Administration to give it straight numbers. But since 1982 it has been impossible to trust the Administration's numbers. As a result, we are forced not simply to exercise a general judgment as to the appropriateness and wisdom of a budget proposal, but actually ourselves attempt as best we might to construct one. That we don't do it well is hardly to be remarked upon. The wonder and scandal is that we have to do it at all.

DANIEL PATRICK MOYNIHAN.

# MINORITY VIEWS OF SENATOR FRANK R. LAUTENBERG

I commend the Chairman and Ranking Member for their leadership in striking a compromise on the budget that commanded a majority of the Committee.

The resolution reported from the Budget Committee sets priorities that are far more in keeping with the nation's needs than those presented by the President. The resolution recognizes that Pentagon spending can be reduced, without hampering the defense of our nation. It recognizes that spending for education, for science, for environmental quality and for transportation lay a foundation for future economic growth. They are investments that must be maintained. Lastly, it recognizes that we must raise revenue to support the level of government we need.

Nevertheless, I felt a personal responsibility to offer an alternative, to improve upon the compromise, and to redirect the nation's budget priorities.

The plan I offered with Senator Riegle and Senator Sasser met the deficit target under Gramm-Rudman-Hollings. It reduced the deficit by over $40 billion in FY 1987, and by $172 billion over 3 years. It did so in a balanced way, gaining roughly half the savings from revenues and half from spending, which in turn was drawn roughly three-to-two from non-defense and defense programs.

Reducing the nation's budget deficit is one of this nation's most pressing domestic priorities. Our diet for debt, its impact on interest rates, the value of the dollar, and our trade deficit, threaten our economic future. But, that future also depends upon investments in the foundation for economic growth. Our economic future depends upon an educated workforce. It depends upon a modern science and technology base.

The budget I offered would have added $1 billion to education. It would have increased spending in general science and space.

The Federal Government must also maintain its partnership with local government, to meet the human and economic needs of our cities and towns. For that reason, I proposed maintaining funding for urban mass transit operating assistance and the urban development action grant program, which was already cut 25 percent last year; preserving general revenue sharing; and rejecting the President's deferral of spending in the community development block grant program.

The budget I offered provided for meeting our responsibilities for public health and safety. The plan provided for full funding of Superfund toxic waste cleanup, as provided in the reauthorization bill passed by the Senate. It allowed for increase in the operating budget of the Environmental Protection Agency. It provided for increase in nutrition and health programs.

I proposed improvements in government management and efficiency. The budget called for an increase in staffing at the Internal Revenue Service, to improve compliance with our tax and collection of revenues. It called for reductions in a variety of programs, including uranium enrichment and Western power projects which offer consumers electricity at half the national average. I proposed reforms in health insurance programs, and guaranteed student loans, the would have reduced costs without hurting the beneficiaries of these programs.

I believe we can find greater efficiencies in Pentagon spending than those mandated by the Committee compromise. Defense spending has risen 50 percent during the current Administration. Yet, unobligated balances—funds that have been appropriated but not spent—topped $60 to $70 billion by the end of last year. The Pentagon has entered into $28 billion worth of unpriced contracts, that is, contracts that are made before the Pentagon has a firm price for what it is buying. The Pentagon continues to build into its projected spending overestimates of inflation that amount to billions of dollars, according to the General Accounting Office. Overhead costs of defense contractors continue to far exceed levels in the private sector.

We can pare Pentagon spending without impairing our national defense. The budget I proposed was intended to force overdue reform in military spending.

Lastly, my proposal recognized that we must raise revenues to pay for the level of government the nation needs. I believe substantial increases can be secured through existing sources. Revenues can be enhanced through improved IRS compliance and the establishment of a Federal tax amnesty. Through the sale of Federal loan assets, the Government can convert part of its portfolio into cash, to reduce the deficit. I endorse raising the cigarette tax. Cigarette smoking results in health care costs that increase Federal spending. To the extent new revenue measures must be imposed, or rates increased, they can be secured by requiring every corporation and individual to pay their fair share through an effective minimum tax. The tax burden of the average working family need not be increased.

The nation's budget is a statement of broad priorities. One top priority is the reduction of deficit spending that threatens our economic future. But, in achieving deficit reductions, we must continue to educate our children, provide for a clean environment, invest in science, provide a basic infrastructure upon which our economy depends, care for the sick and the needy, and defend our nation and promote its interests around the world. The alternative I offered was designed to meet these varied goals.

FRANK R. LAUTENBERG.

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KENNETH A. McLEAN, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510

February 21, 1986

Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

Dear Pete:

It has come to my attention that the Office of Management and Budget has applied the provisions of Gramm-Rudman-Hollings to non-taxpayer funded financial regulatory agencies - even though these funds could not as a matter of law be used to reduce the national debt. This matter deeply concerns me and it must be addressed.

It appears technical amendments may be necessary for other purposes. I would like to work with you to include appropriate language to remove the impacts as above referenced.

Sincerely,

Jake

Jake Garn
Chairman

JG:jbk

JAKE GARN, UTAH, CHAIRMAN

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JIM SASSER, TENNESSEE

M. DANNY WALL, STAFF DIRECTOR
KENNETH A. McLEAN, MINORITY STAFF DIRECTOR

**United States Senate**
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510

March 17, 1986

Honorable James C. Miller III
Director
Office of Management and Budget
Room 252
Old Executive Office Building
Washington, D.C. 20503

Dear Mr. Miller:

We are writing to express our strong opposition to the application of the Gramm-Rudman-Hollings Act to the administrative expenditures of the financial institution regulatory agencies -- specifically the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration and the Comptroller of the Currency. We believe Congress never intended the automatic percentage outlay reductions mandated by Gramm-Rudman-Hollings to be applied to the administrative expenditures of these agencies.

First of all, the administrative expenses for all of these agencies are raised by premiums or fees on the institutions subject to their regulation. None of their activities are funded from general tax revenues.

Second, all of these agencies are operated through a revolving fund or corporation whose assets would revert to the industry in the event of liquidation. Thus as a matter of law, these funds cannot be used to reduce the national debt.

Third, the Gramm-Rudman-Hollings Act specifically exempts insurance payments and other contractual obligations of these agencies from the sequester provisions. Since the workload of these agencies is determined directly by the size of these insurance payments and other liquidation expenditures, it follows logically that the administrative expenditures necessary to carry out these functions should be similarly exempt. To assert otherwise is to render meaningless the exemptions specifically provided in law.

For example, if these agencies are ham-strung by arbitrary limitations on their administrative expenses, they cannot take timely action to close or merge failing institutions or take other preventative supervisory actions with the result that the ultimate cost to the insurance funds administered by these agencies will be much higher. Surely the Congress did not intend this anamolous result when it enacted the Gramm-Rudman-Hollings Act.

As a matter of fact, the proposed reductions in the administrative expenditures of these agencies could not have come at a worse time in the history of our financial system. Bank and thrift institution failures have reached an all time high, and the projections indicate these failures will continue for the next several years. Unless the supervisory agencies are permitted to take timely action to deal with the emerging problems in our financial system, we can be faced with a crisis of public confidence that can have profound repercussions on our financial stability.

Accordingly, we expect that you will carry out the clear intent of the Congress by exempting the administrative expenses of these agencies from the sequester provisions of Gramm-Rudman-Hollings. We are also looking into the application of the Anti-deficiency Act particularly as it relates to apportionment, and other statutes to the financial institution regulatory agencies and may communicate with you further on these related issues in the near future.

Sincerely,

Jake Garn
Jake Garn
Chairman

William Proxmire
Ranking Minority Member

Don Riegle
Donald W. Riegle, Jr.

Chic Hecht
Chic Hecht

John Heinz
John Heinz

Mack Mattingly
Mack Mattingly

Phil Gramm

Alfonse D'Amato
Alfonse M. D'Amato

Christopher J. Dodd
Christopher J. Dodd

Paul Sarbanes
Paul S. Sarbanes

Jim Sasser
Jim Sasser

Alan J Dixon
Alan J. Dixon